



The Consumer Experience of 2013

Research Document

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Contents

Section

1	Introduction	1
2	Executive summary	4
3	Changing use of communications	11
4	Consumer segmentation	18
5	Availability of services and providers	29
6	Take-up of services and devices	39
7	Consumer choice and value	90
8	Consumer interest and activity	123
9	Consumer protection	161

Annex

1	Research methodologies	196
2	Glossary of terms and definitions	199
3	Measuring participation in communications markets	203

Section 1

Introduction

Background

This is Ofcom's eighth annual report on the consumer experience of telecoms, the internet, digital broadcasting and postal services. It discusses the results of our research programme, which measured how well consumers have fared over the past year in their use of these services.

This report has been published alongside Ofcom's Consumer Experience Policy Evaluation, which considers the key findings and trends emerging from the research and uses these to assess the impact of Ofcom's policy work and activities. This report focuses on the experience of residential consumers.

A variety of data sources were used in compiling this report: Ofcom's communications tracking survey, its residential consumer postal tracking survey and its annual consumer switching survey, supported by a range of ad-hoc research. The following is a brief outline of the tracking research used. Full details of the Ofcom tracking research used in this report are available in Annex 1.

Ofcom communications tracking survey

The communications tracking survey is run three times a year. It provides Ofcom with continuous understanding of consumer behaviour in the UK communications markets, helping us to monitor change and assess the degree and success of competition.

Ofcom consumer switching survey

Ofcom has run a survey of consumer decision-making since 2006, covering consumers in each of the fixed-line, mobile, fixed broadband and multichannel television markets, including bundle purchasers. Its main objective is to track the extent to which consumers participate in the communications markets. This survey is Ofcom's key data source for monitoring switching and satisfaction in communications markets.

Ofcom residential consumer postal tracking survey

The residential postal tracker is run throughout the course of the year and reported on a quarterly basis. The main objective is to help Ofcom to keep abreast of the UK postal market and to help us to quickly identify and react to any changes in attitudes and behaviours in the postal industry.

The scope

This report analyses the overall experience that consumers have had of the communications markets, in four areas:

- telecoms (fixed-line and mobile);
- internet (largely focusing on fixed broadband);
- digital broadcasting (television and radio); and
- postal service

In summary the report covers the following areas:

Changing use of communications – overview of the key changes occurring across the communications markets and the postal sector.

Consumer segmentation – overview of recent research designed to segment consumers in the communications market according to their attitudes towards, and engagement with, communications technology and services.

Availability of services and providers – details the range of options and coverage of providers and services; e.g. 3G mobile and superfast broadband.

Take-up of services and devices – demographic analysis of what services and devices consumers have, and consumers' use of postal services.

Consumer choice and value – with a focus on purchasing and pricing, this research covers how consumers are choosing to purchase the services they have, how these are changing (e.g. bundles¹, contracts) how UK prices have changed over time and how they compare internationally.

Consumer interest and activity – provides the latest update on consumer participation including switching levels, ease of switching across the communications markets, and satisfaction with current services and providers.

Consumer protection – highlights the latest consumer protection issues and where there may be a need for intervention.

The report looks across various demographic groups, where relevant; over time, where the data are available; and across countries, where robust data are available.

We present and analyse data on take-up and some availability data at national level for England, Scotland, Wales and Northern Ireland, as we do in Ofcom's annual *Nations &*

¹ Providers no longer tend to market bundles as 'discounted'. Due to this, we adjusted the way we report 'bundlers'. The data in the choices section are based on consumers taking more than one service from a single provider, which the consumer considers a 'package' of services, and no longer defines this as being 'discounted/cheaper'.

Regions Communications Market report, last published in August 2013². Other data in this report is presented at a UK level.

Under the Communications Act 2003 Ofcom has a specific duty to have regard to the interests of disabled consumers. In order to meet these responsibilities and to respond to stakeholder requests for better information on the experiences of disabled consumers, we have worked with the British Population Survey (BPS)³ to produce a special *Consumer Experience* report, which was published in September 2013. The report focuses on analysing ownership of communications services among disabled consumers, the full report can be found on the Ofcom website⁴. It provides Ofcom's most robust analysis yet of disabled consumers' household ownership of, and access to, communications services, across Great Britain.

² <http://stakeholders.ofcom.org.uk/market-data-research/market-data/communications-market-reports/cmr13/>

³ British Population Survey: <http://www.thebps.co.uk/>

⁴ <http://stakeholders.ofcom.org.uk/market-data-research/other/telecoms-research/tce-disabled-13/>

Section 2

Executive summary

This report covers many aspects of the consumer experience. The following is a summary of the key themes and highlights from this year's research.

The changing use of communications (page 11)

- **Tablets and smartphones continue to see rapid growth in take-up.** Take-up of smartphones has continued to increase rapidly over the past year, with over half of all adults now claiming to own one (56%). Take-up of tablet computers has more than doubled over the year, rising from 12% in 2012 to 29% in 2013.
- **Just over half of consumers now report accessing the internet on their mobile.** Fifty-three per cent said they personally used their mobile phone to access the internet (up from 49% in 2012). Take-up of mobile broadband via a dongle (or built-in connectivity in a laptop, netbook or tablet) has fallen for the past two years, from 17% in 2011 to 12% in 2012 and 8% in 2013.
- **Superfast connections almost tripled over the past year.** Between Q1 2012 and Q1 2013 take-up of non-corporate superfast broadband connections increased; from 6.5% of all broadband connections to 17.5%.
- **Half of all internet users say their laptop is their most important device for connecting to the internet.** Forty-six per cent of internet users chose their laptop as the most important device to connect to the internet, followed by the desktop PC (28%). Among smartphone users, 23% cited this as the most important device, although laptops remained the most popular (43%). Among tablet owners, the preference for laptops drops significantly, with similar proportions citing laptops (34%) and tablets (32%) as their most important device for connecting to the internet.
- **Eight in ten consumers are aware of VoIP services – although only three in ten use the service.** Awareness of VoIP rose in 2013 to 83%, from 78% in 2012. Use of the service also continued to rise - with just over three in ten (31%) claiming to currently use VoIP; this is three times the level of take-up in 2008 (10%).
- **A quarter of adults (24%) claimed that their use of post had decreased in the past two years, with two thirds claiming to replace some post with email.** The second most common method was text messaging, with just over a quarter of adults (27%) using this method instead of post.

Availability of services and providers (page 29)

- **Fixed line, broadband and digital broadcasting are available to nearly all consumers, with varying degrees of mobile coverage across the UK.** In 2013, using data taken from network operators planning tools, we estimated that 99.6% of premises

had an outdoor mobile signal from at least one 2G operator and 99.1% by at least one 3G mobile operator⁵.

- **Digital terrestrial coverage is almost universal following digital switchover.** Digital terrestrial television (DTT) has near-universal coverage of 98.5% of UK households, as the UK completed digital switchover in late 2012.
- **DAB digital radio services are available to over nine in ten (94.4%) households.** The recent extension of the Digital One multiplex to Northern Ireland has increased the proportion of UK households that are able to receive these services. Following the launch of new multiplexes around the UK, the proportion of UK households that are served by local commercial multiplexes has also increased; from 66.4% to 71.7%.
- **Consumers are able to choose from a wide range of communication providers.** The number of communication providers remained fairly stable in 2013. There are at least 13 major suppliers of bundled residential communications services, 114 fixed line operators and 4 mobile network operators. There are currently 519 television channels, 13 of which are public service channels and their HD and +1 variants, with the remaining 506 being commercial channels. Consumers have 553 analogue radio services in the UK, including local and UK-wide commercial stations, BBC local, UK-wide and community stations, and 212 stations available on DAB, of which 50 are digital-only brands.

Take-up and use of services and devices (page 39)

- **Fixed-line ownership has stabilised in the UK.** Following the decline in fixed-line ownership seen in 2009, ownership levels have remained at 84% for a fourth consecutive year.
- **Mobile-only households continue to be younger consumers and from the DE socio-economic group.** The majority (79%) of households continue to own both a fixed line and a mobile phone, with a further 4% fixed-line only and 16% mobile-only. Just over a quarter (27%) of 16-24s and those in DE (28%) socio-economic group are in mobile-only households. Mobile-only households also continue to be more prevalent in urban (17%) than in rural areas (9%).
- **Take-up of the internet remains stable, with four in five (82%) households able to access the internet at home.** Seventy-eight per cent of households use either fixed and/or mobile broadband, 4% have access only via their mobile phone and 1% use a dial-up internet connection. Total use of fixed broadband remains unchanged at 74% of adults, with a further 4% using mobile broadband only.
- **There was a significant decrease in the number of consumers who ever use mobile broadband outside the home.** Ninety-five per cent of adults with mobile broadband via a dongle (or built-in connectivity in a laptop, netbook or tablet) say they use it at home. In 2013 there was a significant decrease in the number of consumers who ever use mobile broadband outside the home (60% versus 77%) and an increase in those who only use mobile broadband in the home (38% vs. 22%).

⁵ We recognise that the planning tools are subject to a margin of error and local factors, such as tall buildings or trees, can affect the signal at different locations. In addition, the quality of mobile services are affected by factors other than signal strength, such as network capacity, number of simultaneous users and quality of handset. In 2014 we will be undertaking work to measure the actual consumer experience.

- **Around half of all UK adults access multi-channel television at home through Freeview.** Thirty-seven per cent of all adults only use Freeview to access multichannel television at home; this compares to 31% only using satellite and 14% only using cable.
- **Just under six in ten (58%) adults receive pay TV.** Following the slight decline in take-up of pay TV for some age groups in 2012, take-up has remained stable for all age groups.
- **Two-thirds of consumers claim to have access to digital radio services.** Take-up of digital services that can deliver digital radio (i.e. digital TV and/ or internet) has increased to 100% of homes. Two-thirds (66%) of consumers claimed to have access to digital radio services at home (via DTV, internet or DAB radio set), as in 2012 – suggesting that around one in three are unaware that they can access digital radio services at home.
- **Just under two-thirds (64%) of postal users claim to be reliant on the postal service.** Levels of those claiming to be ‘very reliant’ on the postal service increased with age, with 18% of 16-24 year olds stating they were ‘very reliant’ on the postal service, compared to 30% of those aged 65-74 and 41% of those over 75 years old.
- **The postal price increases in April 2012 have had no impact on the behaviour of almost three in five residential postal consumers.** The claimed impact of the price rise increases with age, with over two-thirds (68%) of those aged 16-24 saying it had no impact. This compares to just over half of those aged 55 to 64 (54%), 65 to 74 year olds (52%) and those over 75 (56%).
- **Over nine in ten consumers are satisfied with the ‘delivery to neighbour’ scheme for post.** Of the 28% of postal users who had experienced the ‘delivery to neighbour’ scheme, more than nine in ten (94%) stated they were either satisfied, or very satisfied, with the scheme, with over three in four (77%) being very satisfied.

Consumer choice and value (page 90)

- **The increase in bundled purchasing continues.** The proportion of consumers who purchase service bundles has risen steadily over recent years, and by Q1 2013 60% of UK homes took more than one communications service from the same provider, up from 57% a year previously. Consumers aged over 75 (27%), and those in socio-economic group DE (45%) were the least likely to bundle any communications services.
- **Average UK household spend on communications services fell in real terms in 2012.** On average, UK households spent £113.61 per month on communications services in 2012, £1.55 (1.3%) less than in 2011 and £12.28 (9.8%) less than in 2007. This was equivalent to 5.4% of total household spend in 2012,⁶ slightly lower than in 2011 and unchanged from 2007.
- **The average revenue of residential broadband connections increased by 1.2% to £16.38 per connection in 2012, largely due to take up of superfast broadband.** Increasing average revenue per residential fixed broadband connection is to a large extent a result of consumers switching to superfast broadband services, (i.e. those with an advertised speed of 30Mbit/s or more), which typically command a price premium

⁶ Or 3.4% of average gross annual income.

over standard broadband services. In the year to May 2013 the proportion of UK residential fixed broadband connections that were superfast increased from 8% to 19%⁷.

- **The premium price for superfast broadband services is falling.** Our analysis shows that the lowest available prices for a basket of fixed voice services with a standard fixed broadband connection, and the price for the same fixed voice services with a superfast broadband connection,⁸ both continued to fall in the year to July 2013. The rate of decline in the price of the basket including superfast broadband (8.2%) was higher than that of the standard broadband basket (3.2%) in 2013, and the difference between the lowest price available for each of the baskets (i.e. the premium for superfast broadband services) was just over £8 per month, down from £10 per month in 2012 and £12 per month in 2010.
- **UK mobile prices fell for most of the usage profiles used in our analysis in 2013.** Our analysis shows that the total 'weighted average'⁹ price of eight mobile connections with varying use of voice, SMS and data services fell by just under a quarter (22.6%) in real terms in the year to July 2013. The weighted average price of all but two of these connections fell during the year.
- **Stand-alone pay-TV prices increased in the year to July 2013.** The lowest price available for a stand-alone basic pay-TV service increased by 7% to £12 per month in 2013, although this was lower than the lowest price of a similar service in 2008 (£16 per month). The lowest price available for stand-alone HD premium pay-TV services was £66 per month in 2013, up from £55 in 2008 and an 8% increase since 2012.

Consumer interest and activity (page 123)

- **A fifth (20%) of consumers switched at least one communications service between Q3 2012 and Q3 2013.** Overall, yearly switching levels remain broadly unchanged at around one in ten in each of the fixed-line (9%), mobile (11%) and fixed broadband (9%) markets. The total level of switching main digital TV provider remains lower, at 3%, and 4% among those with a pay-TV service. A quarter of all switchers switched multiple services at the same time – not significantly different to 2012.
- **Around a fifth of consumers are classified in this report as 'engaged'¹⁰ in the telecoms markets.** Engagement levels stand at around a fifth in each of the fixed line (17%), fixed broadband (18%) and mobile (20%) markets, but remain lower and unchanged at just over one in ten (12%) in the digital TV market.
- **The level of engagement among standalone fixed broadband and fixed line purchasers has fallen.** In the fixed broadband market this has been driven by falling levels of engagement among standalone purchasers (down 9pp to 15%) while engagement among bundlers is stable (19%).

⁷ <http://stakeholders.ofcom.org.uk/market-data-research/other/telecoms-research/broadband-speeds/broadband-speeds-may2013/>

⁸ Here we compare two service combinations: a fixed line with 400 minutes of outgoing voice calls along with a fixed broadband connection with a minimum headline speed of 'up to' 4Mbit/s and 15GB of data use per month, and a combination which is identical to the first in all respects other than that it requires a superfast broadband connection (i.e. one with a headline speed of at least 'up to' 30Mbit/s).

⁹ The weighted average is calculated using the lowest available prices available among tariffs offered by the UK's three largest mobile providers (EE, O2 and Vodafone), weighted by their market shares.

¹⁰ Consumers classified as 'engaged' may have switched previously and are currently open to the idea of a new provider.

- **Cost and poor service are both common reasons why consumers say they switch communications provider.** Cost was stated by between 54% and 62% of switchers in each of the fixed voice, fixed broadband, mobile and digital TV markets. 'Poor service' was mentioned as a reason for switching by around half as many in each market, ranging from 20% in the mobile market to 29% in the fixed broadband market.
- **In the mobile market 'reception' (15%) and 'handsets' (13%) are market-specific factors that drive consumers to switch provider** with a minority switching 'in order to obtain a 4G service' (5%). The desire for 'faster speeds' is a key driver among fixed broadband switchers (15%), as is the 'choice of channels' for TV switchers (18%).
- **Satisfaction is increasingly mentioned as the main reason for not switching.** Between 6-8% of consumers across the communications markets said they started looking but did not switch. In all except the digital TV market (where perceived lack of cost benefit is the highest stated reason for not switching), satisfaction is one of the most-mentioned reasons for not switching provider, among those who have only considered doing so. Around three in ten consumers who 'looked but didn't switch' in each of the fixed voice, fixed broadband and mobile markets cited satisfaction as the reason they didn't. These proportions have risen significantly since 2012.
- **A minority (around one in ten) of switchers, who spoke to their previous provider, said they were put under pressure to stay.** Contact with losing providers is most common among fixed line and fixed broadband switchers, where around three-quarters (73% and 76% respectively) said they had been in contact with their previous provider. This contact is mainly initiated by the consumer. In comparison, contact with losing providers among considerers is lower, at around two in five.
- **Most switchers said they were happy with their decision to switch, but considerers were less happy with their decision not to.** Between 4-9% of switchers said they were unhappy with their decision to switch in each of the markets; this was highest in the fixed broadband market. Happiness with their decision was lower among considerers in each market, and at its lowest among fixed broadband considerers, where three in ten (29%) said they were 'unhappy with their decision'.
- **The majority of switchers (between 84% and 92%) considered it very or fairly easy to switch provider.** But for some switchers (between 6% and 14%) changing provider was 'difficult'. The fixed broadband market continues to have the highest levels of stated difficulty in switching, at 13%. Ease of switching telecoms provider remains broadly comparable with utilities. Seven per cent of switchers in each of the gas and electricity markets said switching was difficult, which is comparable to that noted among fixed line (9%) and mobile switchers (8%) but lower than reported among fixed broadband switchers (13%).
- **However, when prompted, half of switchers said they experienced some difficulties when switching provider.** Stated difficulties varied by market. 'Provider persuasion to stay' was one of the most common issues reported in both the fixed broadband and fixed voice markets.
- **The majority of consumers remain satisfied with their services overall, with dissatisfaction highest for fixed broadband, at one in ten.** Dissatisfaction stands between 5% and 11% across markets. Levels of overall satisfaction remained fairly consistent between 2012 and 2013 across each of the communications markets, with little variation in dissatisfaction across demographic groups within each market.

- **Dissatisfaction with value for money is highest among fixed broadband standalone purchasers (16%), and bundlers (14%).** The only significant change in satisfaction levels has been among bundlers, where dissatisfaction now stands at 14%, nearly twice the level reported in 2011 and 2012 (8%).
- **Dissatisfaction with broadband speeds in rural areas is nearly twice the average (32% vs. 18%).** 'Engaged' and 'interested' consumers were also more likely to state dissatisfaction with the speeds of their fixed broadband service (26% and 19% respectively).
- **Just under nine in ten (87%) adults are satisfied with the postal service overall.** Those aged over 75 were the most likely to state they were satisfied with the postal service (93%). Two-thirds of postal users are satisfied with the value for money provided by the postal service.

Consumer protection (page 161)

- **Broadband customers are the most likely to claim they had a reason to complain (14%),** followed by mobile (9%) then landline (7%) customers. Not all of these consumers proceeded to make a complaint. In total, 9% of broadband customers said they had made a complaint (this equates 73% of those with cause to complain) and compares to 6% among mobile customers and 5% among landline customers.
- **Telecoms issues dominate complaints to Ofcom, with levels broadly in line with 2012.** The level of telecoms complaints is similar to 2012, at between 6000 and 7000 per month, although some categories have fallen. This compares to about 1000 complaints about broadcasting standards and around 40 per month relating to postal services.
- **Complaints to Ofcom about abandoned and silent calls peaked in April 2013 and have declined since then.** In October 2013 there were 2,857 complaints, this followed a peak of 3,900 in April 2013. Ofcom's market research has found that experience of nuisance calls fell between February, when eight in ten (82%) people reported receiving a nuisance call on their landline in the previous four weeks, and July, when seven in ten (68%) people reported a nuisance call on their landline. It has remained broadly constant since then.
- **The issues causing unexpectedly high bills (UHBs) in the mobile contract market remain broadly unchanged from last year.** Making calls to numbers not included in the call allowance, and lost/stolen mobiles remain the main cause of UHBs in the mobile contract market, each at 3% of mobile contract customers. Exceeding voice allowance (1%) and using data without an allowance (1%) are the next most common causes.
- **The average amount of bill shock in the mobile contract market shows signs of decline¹¹.** In 2013 the mean average amount of bill shock¹² in the mobile contract market was £40, compared with £46 in 2012. However, many UHBs in the mobile contract market were for less than this average, which is influenced by a small proportion of bills at the higher end of the scale (i.e. £100+ more than expected).
- **Complaints about fixed-line and mobile mis-selling have decreased over the past twelve months.** From a peak of 1200 complaints in April 2005, the downward trend in fixed-line mis-selling complaints has continued over the past year, with overall fixed-line mis-selling complaints averaging 442 per month for 2013. Mobile mis-selling has also

¹¹ Source: Ofcom face to face omnibus, February/ March 2012, based on the responses of 263 mobile contract customers and March/ April 2013, based on the responses of 239 mobile contract customers

¹² This refers to the amount by which the bill was higher than expected, and not the total amount of the bill.

decreased over the past 12 months, from a peak of 270 complaints a month in October 2008 to around 190 a month in 2013. Furthermore, since their high of around 60 complaints per month in 2008 monthly cashback complaints have significantly reduced to single digits over the past two years.

- **Complaints received about MAC codes¹³ have declined significantly since its peak in 2007, to 100 per month on average in 2013.** From a peak of 843 complaints in March 2007 there has been a general downward trend, which has stabilised at between 60 and 130 complaints per month since April 2011. Between October 2012 and October 2013 the average monthly number of complaints about this issue was around 100.
- **Broadcasting complaints to Ofcom continue to focus on content standards.** In October 2013 there were 1,642 broadcasting complaints, of which 1,581 were about television and 61 were about radio. These levels were broadly in line with those seen in 2012.
- **A minority (15%) of those eligible were referred to alternative dispute resolution (ADR)¹⁴ by their provider, with higher satisfaction with outcomes noted among those who used the ADR scheme.** Overall, 29% of eligible complainants were satisfied with the final outcome of their complaint; this compared to just under half (47%) of those who used the ADR scheme.

¹³ Migration authorisation code (MAC) is a unique code that a customer must give to his or her new broadband service provider, to allow the service to be transferred smoothly from the existing service provider.

¹⁴ Alternative dispute resolution (ADR) schemes act as an independent middleman between the service provider and the customer. If the ADR scheme agrees with your complaint, it can order the service provider to fix the problem and could potentially make a financial award. It is a requirement that all service providers are members of an ADR scheme.

Section 3

Changing use of communications

Introduction

Over the past few years there have been many changes within the communications market in terms of the availability and pricing of services and devices. This has had an impact not only on take-up but also on consumers' use and experience of communications services.

In this section we look at the changing use of communications, including postal services, in order to set the context for the rest of the report. We explore how use is affected by the growth in ownership of new devices, as they become more affordable and mainstream. Alongside this, Ofcom conducted analysis designed to segment consumers in the communications market according to their attitudes towards, and engagement with, communications technology and services. This analysis provides a unique way in which to view and understand consumers in this market.

Consumers' changing use of communications services is important to bear in mind throughout this report, as it is likely to influence factors such as the propensity to switch, and it may raise issues for consumer protection, either among the general population or particular demographic groups.

Key trends

- **Tablets and smartphones continue to see rapid growth in take-up.** Take-up of smartphones has continued to increase rapidly over the past year, with over half of all adults now claiming to own one (56%). Take-up of tablet computers has more than doubled over the year, rising from 12% in 2012 to 29% in 2013.
- **Just over half of consumers now report accessing the internet on their mobile.** Fifty-three per cent said they personally used their mobile phone to access the internet (up from 49% in 2012). Take-up of mobile broadband via a dongle (or built-in connectivity in a laptop, netbook or tablet) has fallen for the past two years, from 17% in 2011 to 12% in 2012 and 8% in 2013.
- **Superfast connections almost tripled over the past year.** Between Q1 2012 and Q1 2013 take-up of non-corporate superfast broadband connections increased; from 6.5% of all broadband connections to 17.5%.
- **Half of all internet users say their laptop is their most important device for connecting to the internet.** Forty-six per cent of internet users chose their laptop as the most important device to connect to the internet, followed by the desktop PC (28%). Among smartphone users, 23% cited this as the most important device, although laptops remained the most popular (43%). Among tablet owners, the preference for laptops drops significantly, with similar proportions citing laptops (34%) and tablets (32%) as their most important device for connecting to the internet.
- **Eight in ten consumers are aware of VoIP services – although only three in ten use the service.** Awareness of VoIP rose in 2013 to 83%, from 78% in 2012. Use of the service also continued to rise - with just over three in ten (31%) claiming to currently use VoIP; this is three times the level of take-up in 2008 (10%).

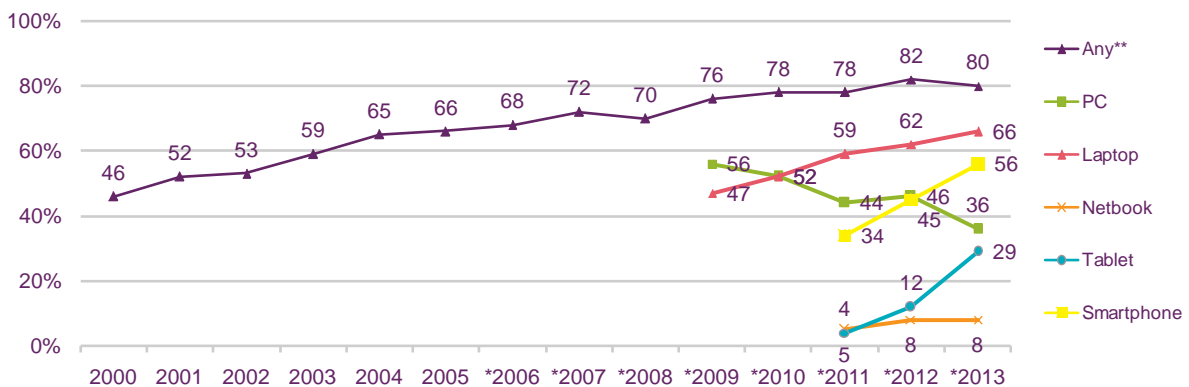
- **A quarter of adults (24%) claimed that their use of post had decreased in the past two years, with two thirds claiming to replace some post with email.** The second most common method was text messaging, with just over a quarter of adults (27%) using this method instead of post.

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

Figure 1 shows take-up of a range of communications devices over recent years. Take-up of smartphones has continued to increase rapidly over the past year, with over half of all adults now claiming to own one (56%). However, as discussed in Section 5, take-up varies significantly by age; just over four-fifths of participants (82%) aged 16-24 reported having a smartphone, compared to 17% of those aged 65-74 and 4% of those aged 75+.

Household take-up of tablet computers (such as the iPad or Google Nexus) has more than doubled over the past year, rising from 12% in Q2 2012 to 29% in Q2 2013. A majority of this growth was over the Christmas period, with take-up rising eight percentage points between Q4 2012 and Q1 2013.

Figure 1 Ownership of connected devices in the home



Source: Ofcom communications tracking survey

Base: All adults 16+ (Q4 2000, 2133) (Q4 2001, 2159) (Q4 2002, 2138), (Q4 2003, 2150) (Q4 2004, 2131) (Q4 2005, 2214) (Q2 2006, 2439) (Q2 2007, 2265) (Q2 2008, 2109) (Q2 2009, 2085) (Q2 2010, 2106) (Q2 2011, 2862) (Q2 2012, 2893) (Q2 2013, 2879)

Note: Data for 2006-2013 based on Q2 data, all other data based on Q4. **Data for 'Any' for 2000-2010 refers to PC or laptop computers. Data for 'Any' for 2011-2013 also includes netbook or tablet computers but not smartphones.

3.0.2 Half of consumers now report accessing the internet on their mobile

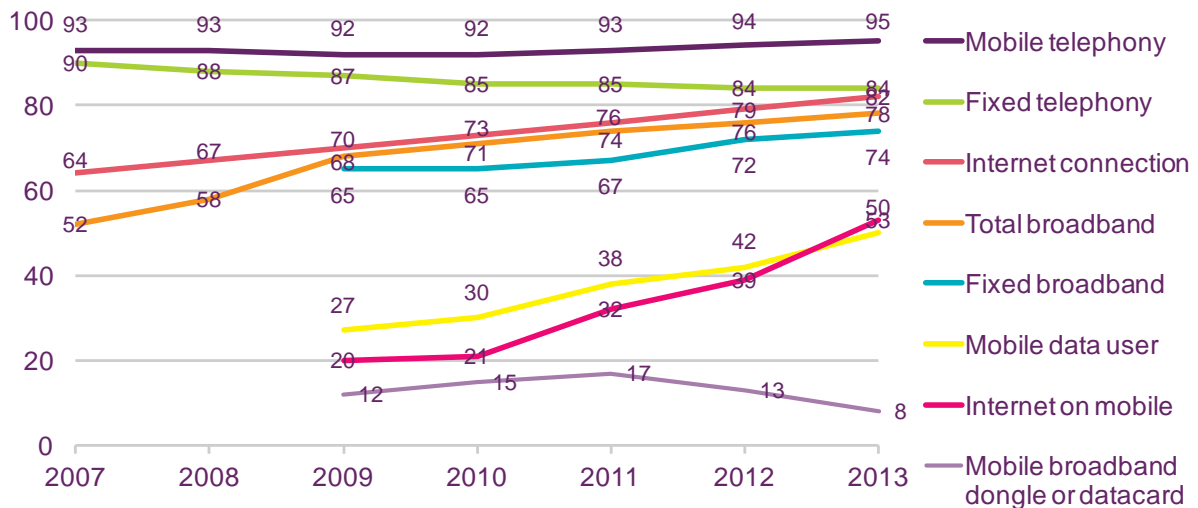
As the proportion of households with access to the internet steadily rises (82% in Q2 2013), the ways people are connecting continues to change. Figure 2 below shows that, in Q2 2013, half of participants (53%) said they personally used their mobile phone to access the internet (up from 42% in Q1 2012), driven by growth in the smartphone market. Almost all UK adults who have mobile phone internet access also have access via fixed broadband. Only 4% of UK adults reported that their household's only means of internet access was a smartphone.

Conversely, take-up of mobile broadband via a dongle (or built-in connectivity in a laptop, netbook or tablet) has fallen for the past two years, from 17% in 2011 to 13% in 2012 to 8% in 2013.

Total broadband take-up remained stable and at Q2 2013 stood at 78% of UK households. This figure includes households with fixed and/or mobile broadband connections, but excludes access via a mobile handset.

The proportion of households with fixed telephony and mobile telephony also remained stable, at 84% and 95% respectively, with 16% being 'mobile-only' homes. Personal use of a mobile phone stood at 93% in Q2 2013.

Figure 2 Household take-up of communications services

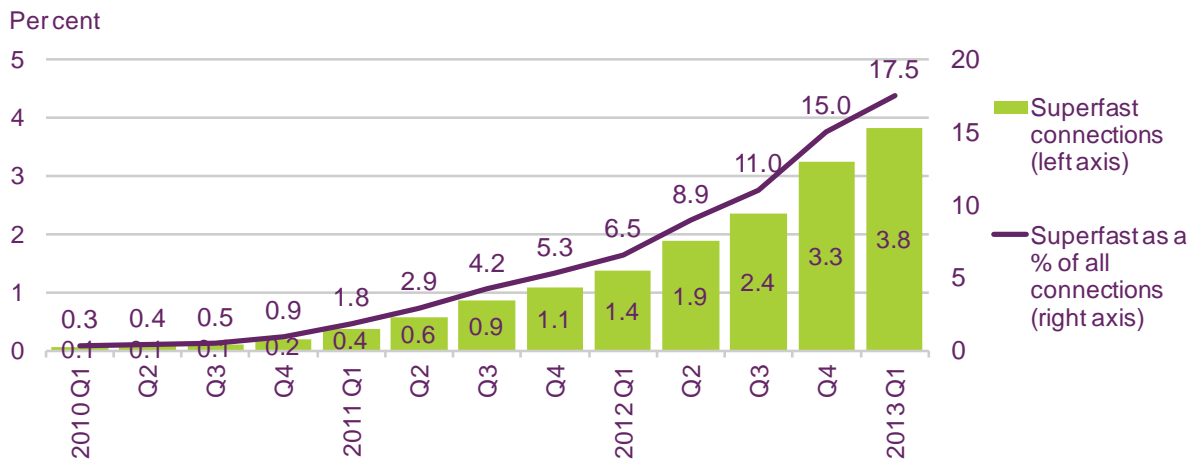


Source: Ofcom research, data as at Q1 2007-2012; Q2 2013 (mobile data user Q1 2013)
 Base: All adults aged 16+

3.0.3 Superfast connections almost tripled over the past year

Figure 3 shows that at the end of March 2013 there were around 3.8 million UK residential and small to medium sized enterprise (SME) superfast broadband connections, two and a half times more than there had been a year previously (1.4 million). Over the same period the proportion of all non-corporate broadband connections that were superfast almost tripled, increasing to 17.5%, although we expect this growth to slow as Virgin Media has now completed its 'double-speeds' upgrade programme, which doubled the speeds provided by most of its cable broadband connections.

Figure 3 Take-up of superfast broadband services



Source: Ofcom / operator data

Note: Includes estimates where Ofcom does not receive data from operators

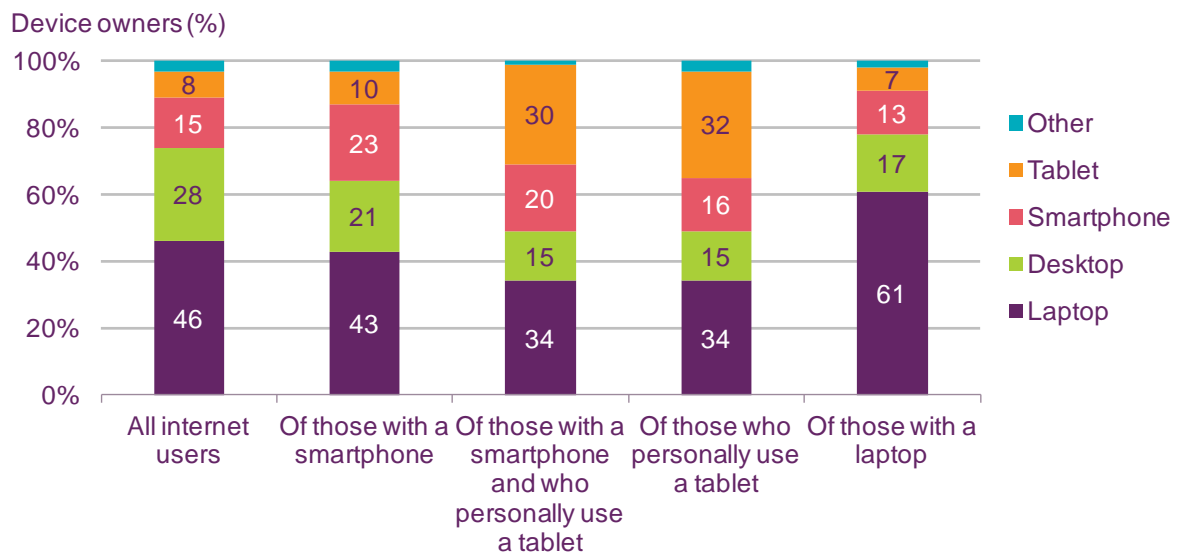
3.0.4 Half of all internet users say their laptop is the most important device used to connect to the web

Ofcom’s *Communications Market Report 2013*¹⁵ reported that when participants were asked which was their most important device for connecting to the internet (at home or elsewhere), almost half (46%) of internet users chose their laptop. The laptop was the most popular response, followed by the desktop PC, cited by 28% of participants.

However, newer devices such as smartphones and tablets are having an impact on consumers’ preferences. Among smartphone users, 23% cited their smartphone as their most important device for connecting to the internet, although laptops remained the most popular response (43%). Among tablet owners, the preference for laptops drops significantly, with similar proportions citing laptops and tablets as their most important device for connecting to the internet (34% and 32% respectively).

¹⁵ http://stakeholders.ofcom.org.uk/binaries/research/cmr/cmr13/2013_UK_CMR.pdf

Figure 4 Most important device for connecting to the internet



Source: Ofcom research, Q1 2013

Note: "Other" responses include: "netbook", "games console", "other device", "none" and "don't know".

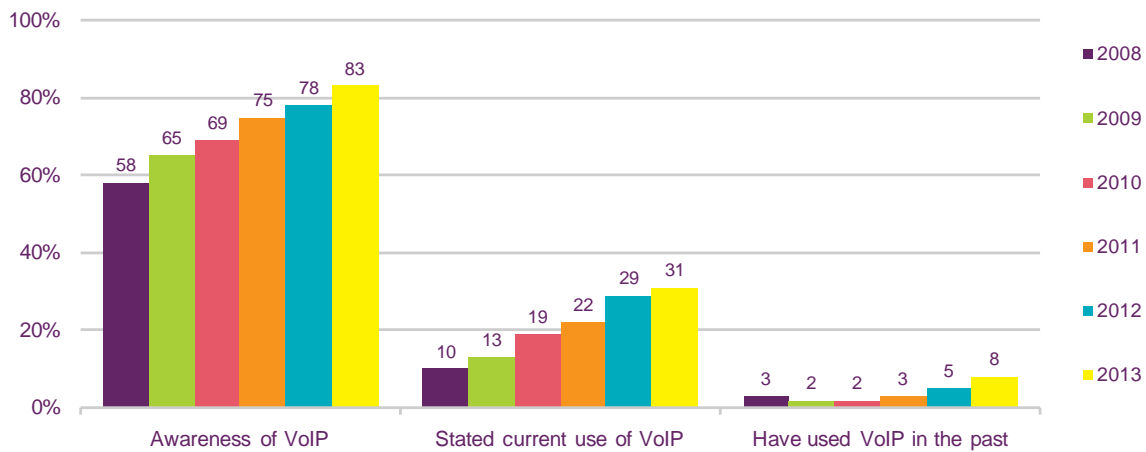
3.0.5 Eight in ten consumers are aware of VoIP services – and just over three in ten use the service

VoIP is an alternative to fixed-line voice communication. In some countries VoIP is already having an impact on use of fixed voice telephony. Due to methodological changes in 2009 please view 2008 data as indicative only.

Figure 5 shows that awareness and current use of VoIP services both continued to rise in the UK in 2013. Awareness of the ability to make voice calls over the internet rose significantly, to just over eight in ten (83% vs. 78% in 2012). Four in ten (40%) adults said they had access to VoIP services at home – with 31% of adults saying they currently used them - three times the level reported in 2008 (10%).

Adults aged 16-44 years, ABC1s and those working continue to drive awareness. Over-65s remain least likely to be aware of the service (54% vs. 83% of all adults). Younger age groups, males, ABC1s and those with children in the household are driving access to VoIP, with those in socio-economic group AB driving current use.

Figure 5 Awareness and current / previous use of VoIP



Source: Ofcom communications tracking survey

Base: All adults 16+ (Q2 2009, 2085) (Q2 2010, 2106) (Q2 2011, 2862) (Q2 2012, 2893) (Q2 2013, 2879)

3.0.6 Two in three consumers are substituting post with email

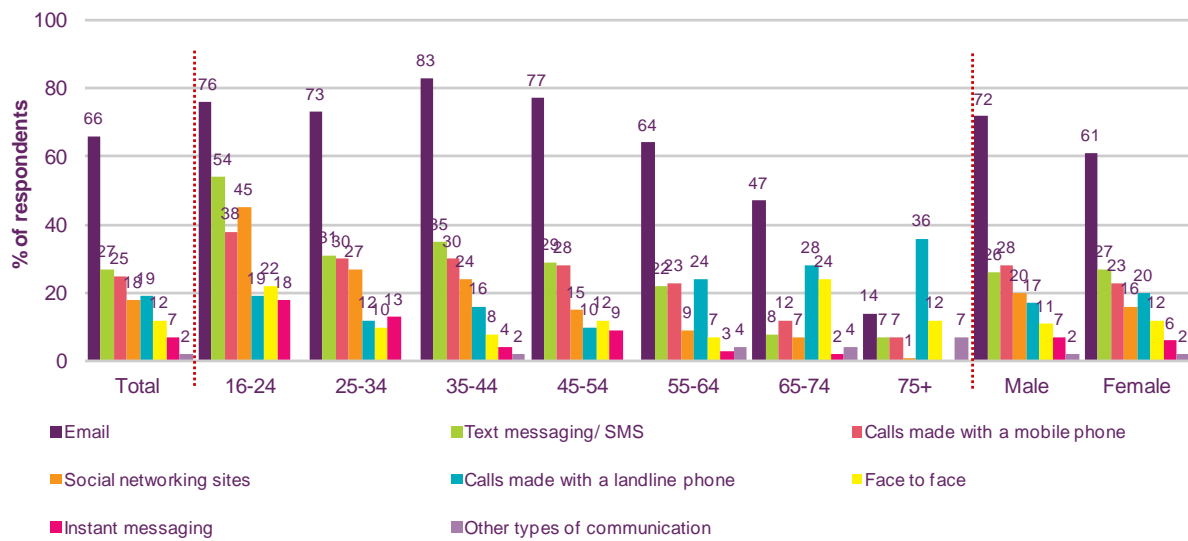
A quarter of adults (24%) claimed their use of post had decreased in the past two years (Figure 65). Of this group of people, 45% stated they were sending fewer personal letters, and just under two in five claimed to send fewer formal letters to organisations and individuals (38%), and invitations, greetings and postcards (37%).

Among those who stated they used post less than two years ago, for all except those over 75 the most popular method of replacement was email, with two-thirds (66%) consumers claiming they were most likely to use email instead.

Replacement of post with email is highest among 35 – 44s (83%) and declines sharply among over-55s: 64% of those aged 55-64 say they use email as an alternative to post, this drops to under one in two (47%) of 65 -74s and to just under one in seven (14%) of over-75s. The replacing of post with landline telephone calls (36%) was most popular among those over 75.

Among the other services consumers stated they used to replace post, text messages were the second most common method across the majority of age groups interviewed, with just over a quarter of adults (27%) using this method.

Figure 6 Communication methods used instead of post, by age and gender



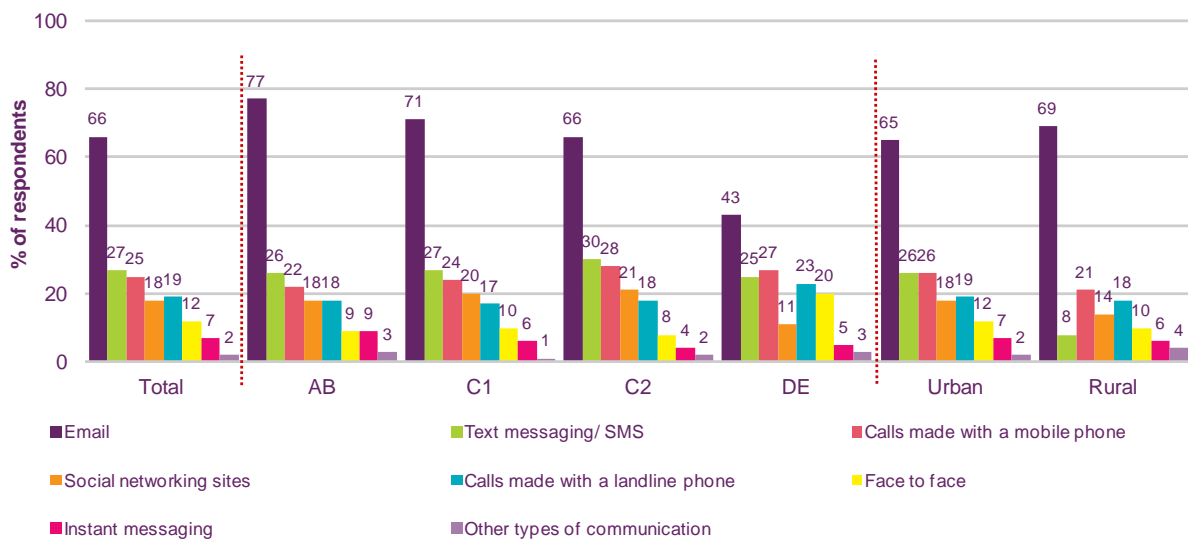
Source: Ofcom post tracking survey

Base: All who say the number of items sent by post has decreased compared to two years ago (1184)

QC13: As your use of post has decreased compared to two years ago, which, if any of these forms of communication are you using more often instead of post?

Across all socio-economic groups, consumers were most likely to replace the use of post with email. However, DEs (43%) were the least likely to use email as an alternative to post.

Figure 7 Communication methods used instead of post, by socio-economic group and urbanity



Source: Ofcom post tracking survey

Base: All who say the number of items sent by post has decreased compared to two years ago (1184)

QC13: As your use of post has decreased compared to two years ago, which, if any of these forms of communication are you using more often instead of post?

Section 4

Consumer segmentation

Introduction

In 2013 Ofcom conducted a segmentation exercise to understand the latest changes in technology use and UK consumers' engagement with digital communications services. In 2006 Ofcom conducted a similar segmentation exercise¹⁶ and, at that time, one of the main differences between segments was the ownership of communications devices; for example, mobile phone ownership and digital TV distinguished the groups. Our 2013 segmentation found widespread device ownership across most segments, so today consumers appear to be differentiated less by which devices they have access to and more by how they use them.

This research¹⁷ was designed to segment consumers in the communications market according to their attitudes towards, and engagement with, communications technology and services. This method of segmentation is complementary to traditional demographic analysis. The findings provide a unique way in which to view and understand consumers in this market, which can be used to inform strategic thinking and policy development.

Statistical analysis was conducted on the data collected in order to create an attitudinal and behavioural segmentation. Six distinct consumer segments were identified. [A detailed report of the segmentation research has been published here.](#)

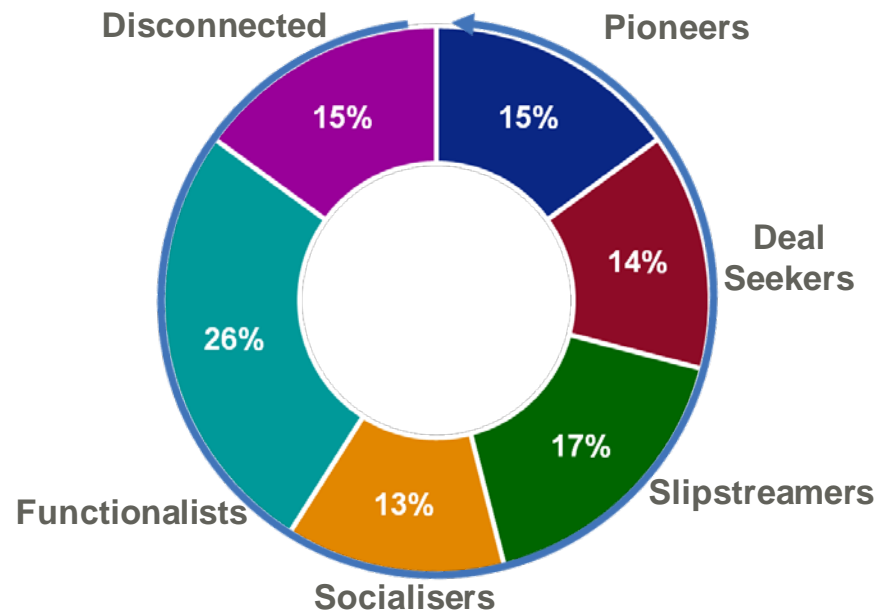
4.0.1 An overview of the consumer segments

The six segments are shown in Figure 8. Each group has been given a name, which provides a shorthand description of the group. The groups range in size from 26% of adults ('Functionalists') to 14% of all adults ('Deal Seekers'). Regarding communications services, the most technologically advanced group are the 'Pioneers'. Moving around the chart clockwise, the groups become less technologically advanced, with the 'Disconnected', who do not access the internet, being the least advanced.

¹⁶ http://stakeholders.ofcom.org.uk/market-data-research/market-data/communications-market-reports/consumer_engagement/

¹⁷ The research was conducted face to face on Ipsos MORI's omnibus survey during March – April 2013. In total, 2,508 UK adults were interviewed. The sample was representative of UK adults and lasted 30 minutes.

Figure 8 Segment overview



Source: Ofcom research
 Base: All UK adults (2,508)

As an overview of each of the segments, the following pen-portraits describe the key features of each group.

4.0.2 Pioneers

The Pioneers group can be segmented further, in order to identify the small group of consumers who tend to be the earliest adopters of new communications technology.

- Pioneers (Set A) make up 52% of the Pioneers group, so represent 8% of all consumers. More than a quarter of this group own a smart TV and 100% have a smartphone. They tend to be younger males who have either just started full time employment or are full time students.
- Pioneers (Set B) make up the remaining 48% of the Pioneers group, so represent 7% of all consumers. They are similar in attitude and behaviours to Pioneers (Set A) but have a slightly lower level of device ownership.

Figure 9 Pioneers

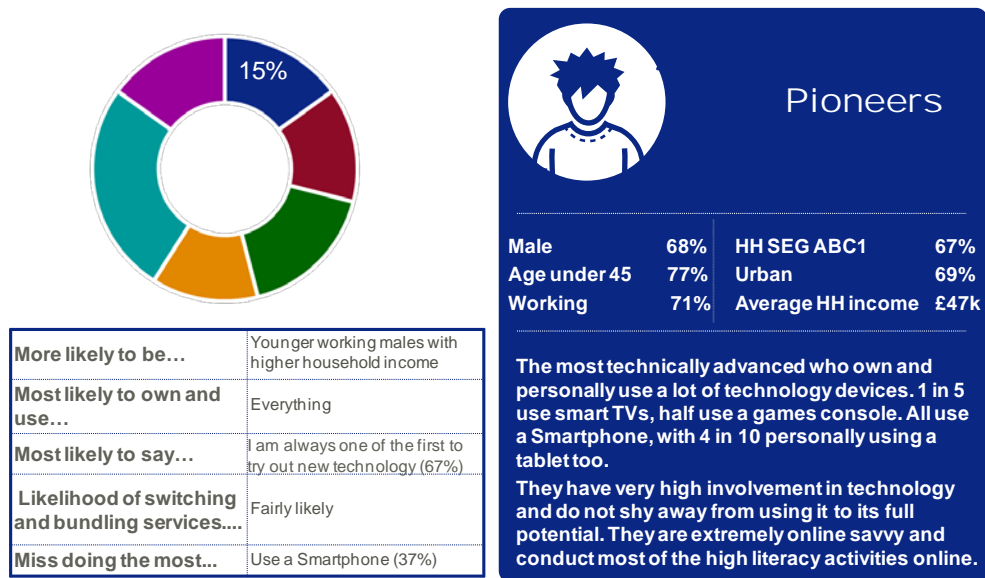


Figure 10 Deal seekers

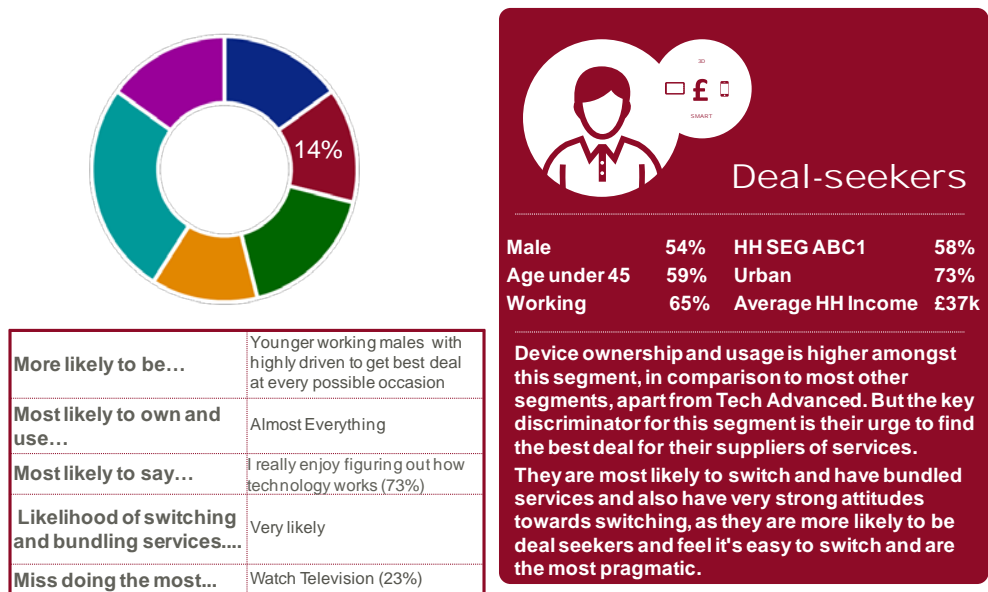


Figure 11 Slipstreamers

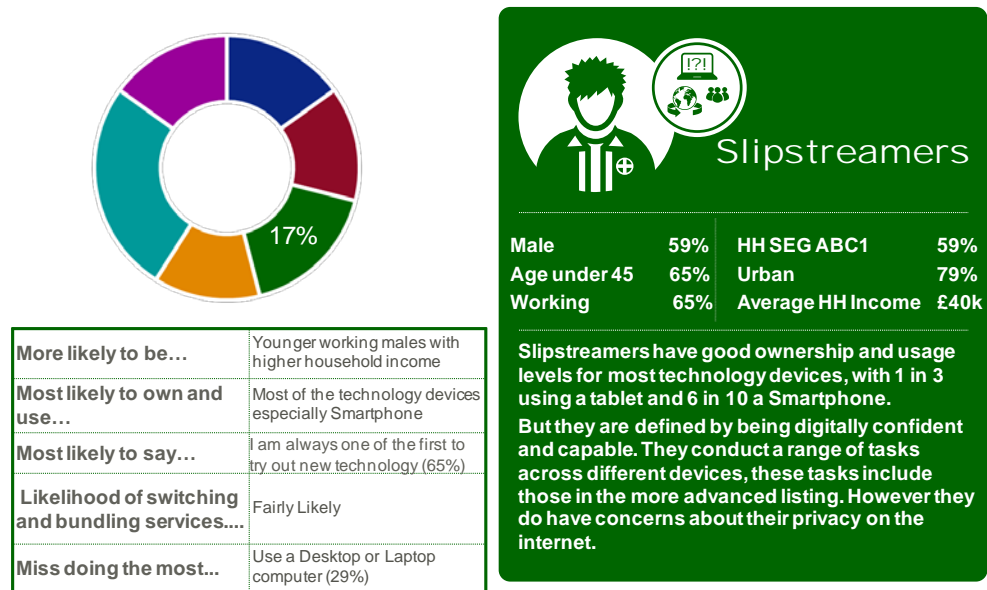


Figure 12 Socialisers

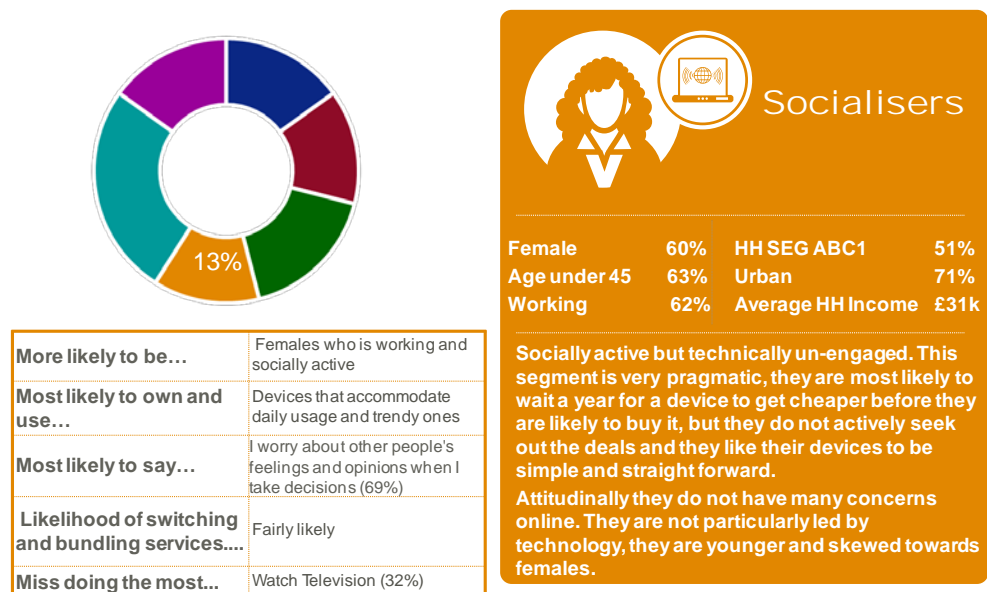


Figure 13 Functionalists

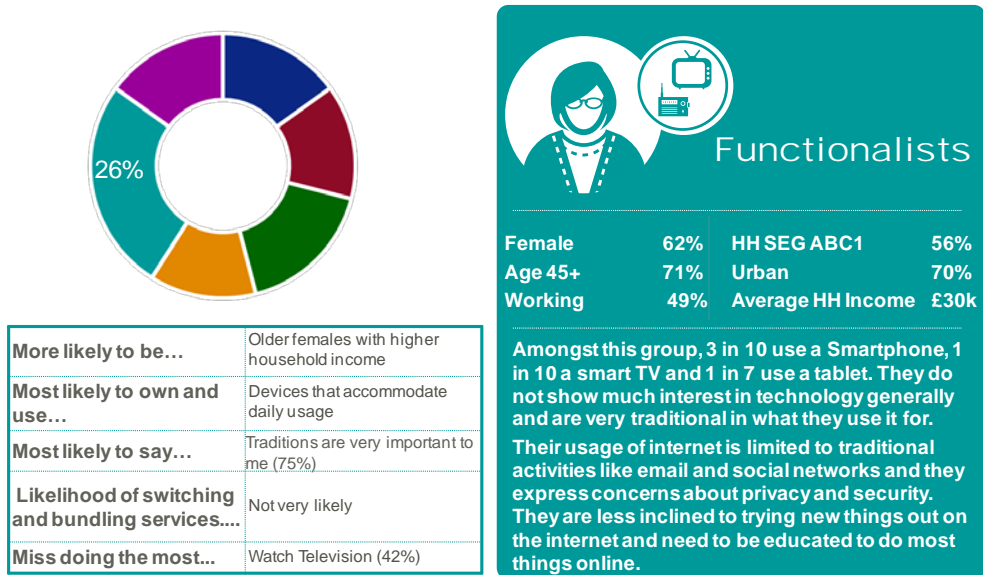
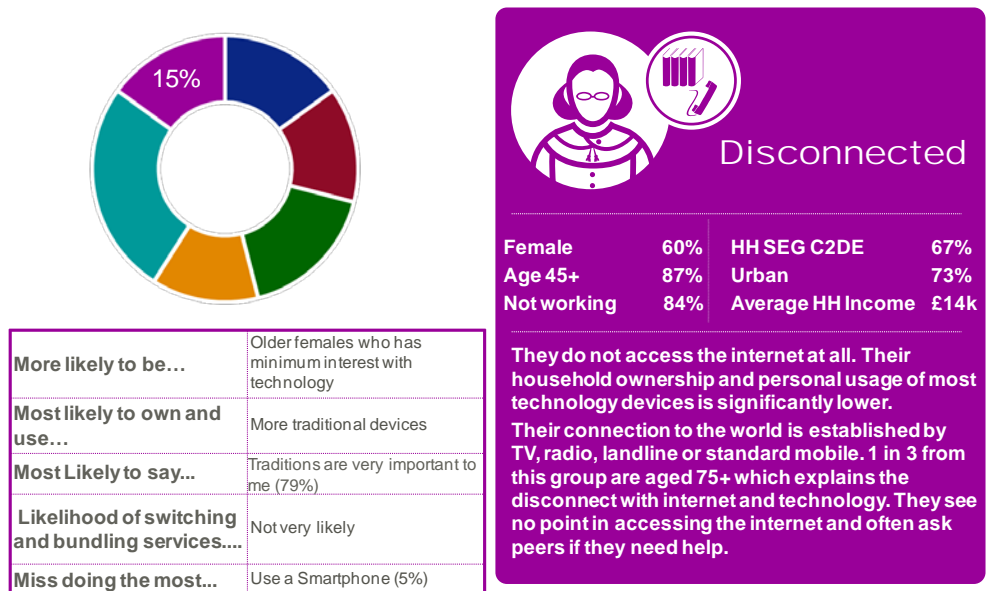


Figure 14 Disconnected



4.0.3 Segment comparisons

Figure 15 provides a qualitative assessment of each segment against the four criteria set out in the row titles. A green circle shows where the segment is above average, amber is in line with the average and red is below average. The red indicators are exclusively found among Functionalists and the Disconnected. The clustering of the different coloured dots demonstrates that there is a strong correlation between attitudes, media ownership, engagement, confidence and literacy, and switching and bundling. The analysis shows that those who are the most comfortable with technology are also the most able to deal with risks and to get the best deals from suppliers.

Figure 15 Comparison of segments on key criteria

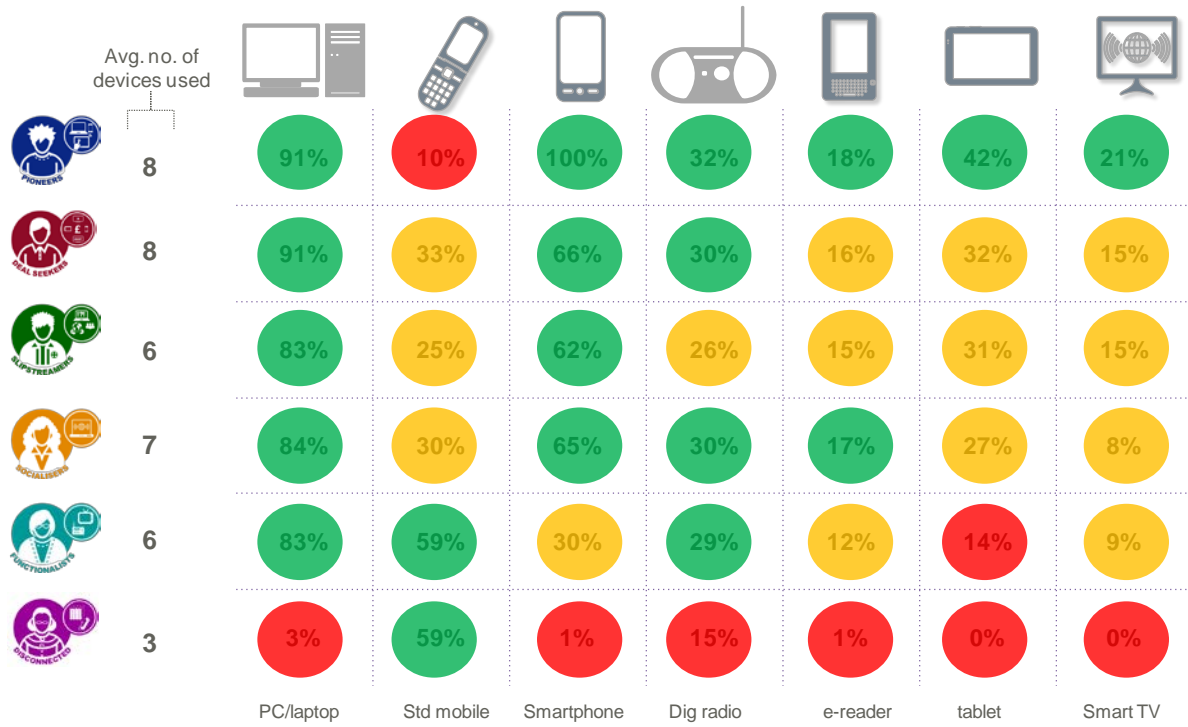
	 PIONEERS	 DEAL SEEKERS	 SLIPSTREAMERS	 SOCIALISERS	 FUNCTIONALISTS	 DISCONNECTED
	High involvement in technology and do not shy away from using it to its full potential. Extremely online savvy and conduct most of the high literacy activities online	Most likely to switch and bundle services. Most likely to be deal seekers and feel it's easy to switch and are the most pragmatic	Digitally confident and capable. Conduct a range of tasks across different devices, but have concerns over privacy	Socially active but technically un-engaged. Most likely to wait a year for a device to get cheaper before they buy it, but they do not actively seek out the deals	Perform limited traditional activities like email and social networks and express concerns about privacy and security. They are less inclined to trying new things out on the internet and need to be educated to do most things online	Their connection to the world is established by TV, radio, landline or standard mobile. 1 in 3 from this group are aged 75+ which explains the disconnect with internet and technology
Media ownership & access	●	●	●	●	●	●
Engagement	●	●	●	●	●	●
Confidence & Literacy	●	●	●	●	●	●
Switching & bundling	●	●	●	●	●	●

Source: Ofcom research
Base: All UK adults (2,508)

4.0.4 Communications device use

The Disconnected segment use, on average, the fewest digital communications service devices (three). All other segments use a similar number of devices, ranging from an average of six among the Functionalists to eight among the Deal Seekers and Pioneers (Figure 16).

Figure 16 Comparison of device ownership, by segment



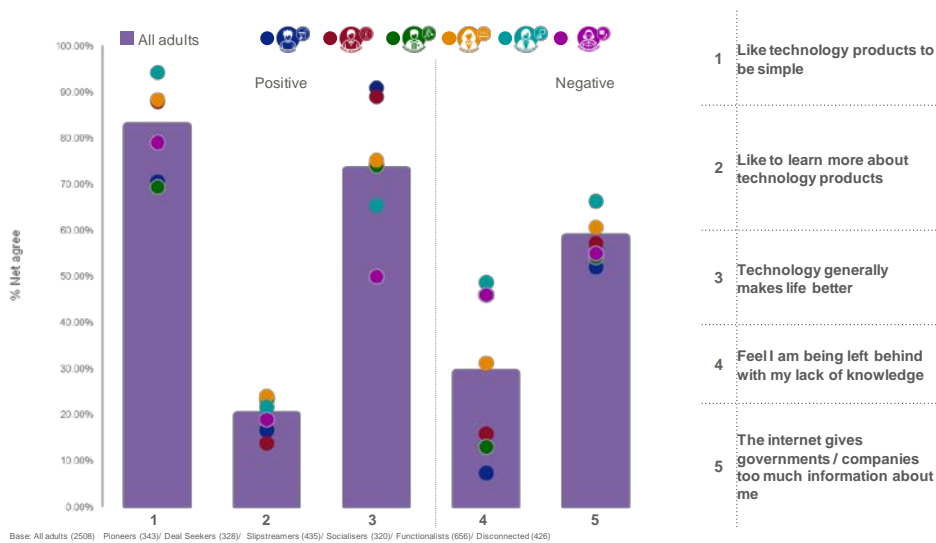
Source: Ofcom research
 Base: All UK adults (2,508)

4.0.5 Attitudes to technology

Most consumers agreed that they like technology products to be simple and this did not vary a great deal by segment. However, the segments have very different views on whether technology makes life better, with Pioneers and Deal Seekers the most likely to agree, and Functionalists and the Disconnected group the least likely to agree (Figure 17).

There is also wide variation in the proportion who feel they are being left behind by a lack of knowledge. The Deal Seekers, Slipstreamers and Pioneers are the least likely to agree, with Functionalists and Disconnected groups the most likely to agree.

Figure 17 Attitudes to technology, by segment



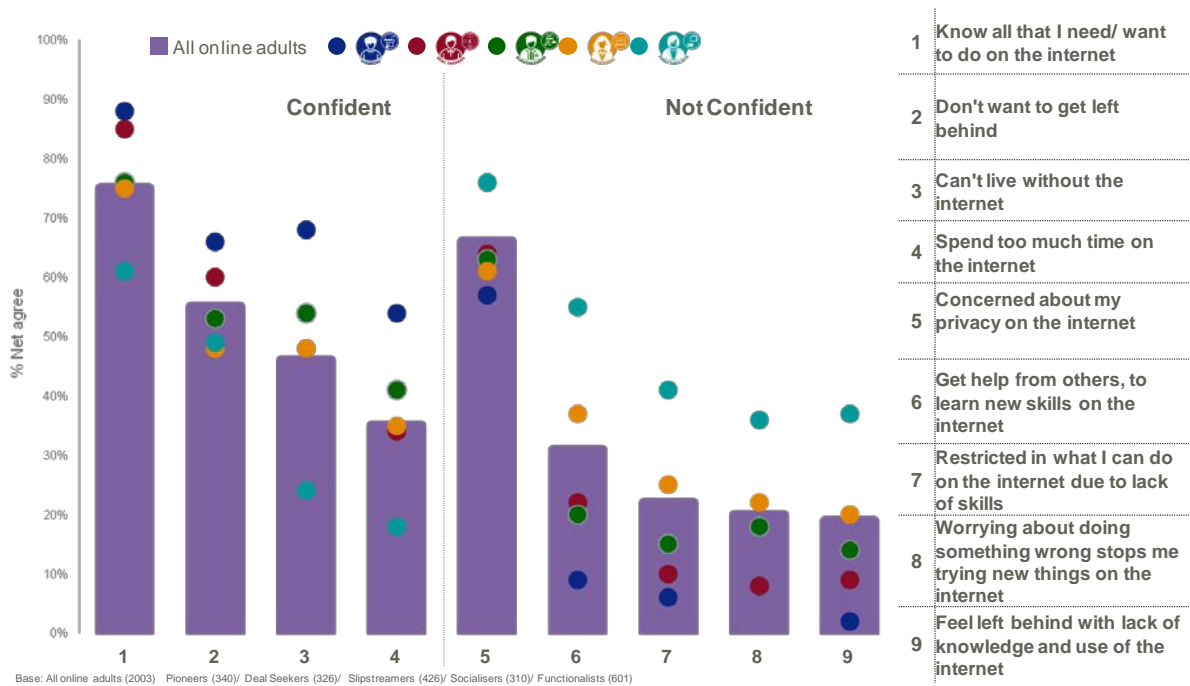
Source: Ofcom research
 Base: All UK adults (2,508)

4.0.6 Attitudes to the internet

Column 5 in Figure 18 shows the proportion who agree that they have concerns about privacy on the internet. Among all six segments, over half expressed concerns in this area, with most of the segments clustered around the 60% mark for this measure.

The segments expressed very different attitudes towards their own skills in using the internet. For example, the proportion who say that they get help from others to learn new skills on the internet varies substantially between segments, as does the proportion who say that they are restricted in what they can do online due to lack of skills.

Figure 18 Attitudes to internet use, by segment



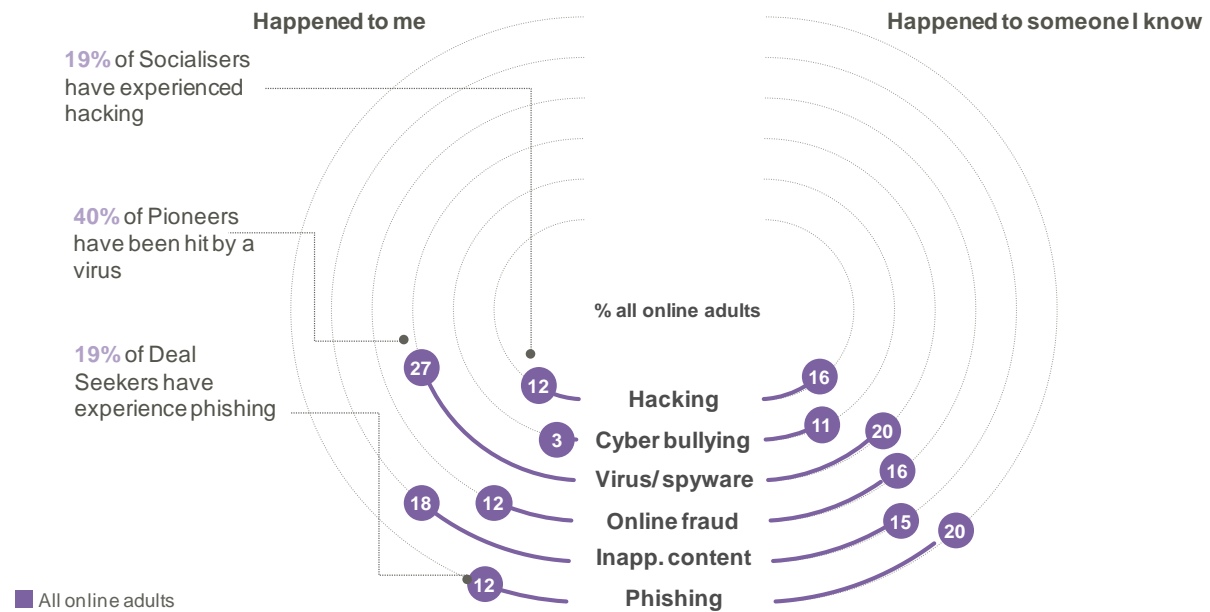
Source: Ofcom research
 Base: All UK adults (2,508)

4.0.7 Online security issues

Figure 19 shows that over a quarter of all research participants said that they had personally experienced a virus, this was highest (at 40%) among Pioneers.

Just over one in ten (12%) said they had experienced phishing¹⁸, with one in five saying it had happened to someone they know. Reported experience of phishing was highest among the Deal Seekers (19%).

Figure 19 Experience of online security problems



Base: All online adults (2003) Pioneers (340)/ Deal Seekers (326)/ Slipstreamers (426)/ Socialisers (310)/ Functionalists (601)

Source: Ofcom research. Base: All UK adults (2,508)

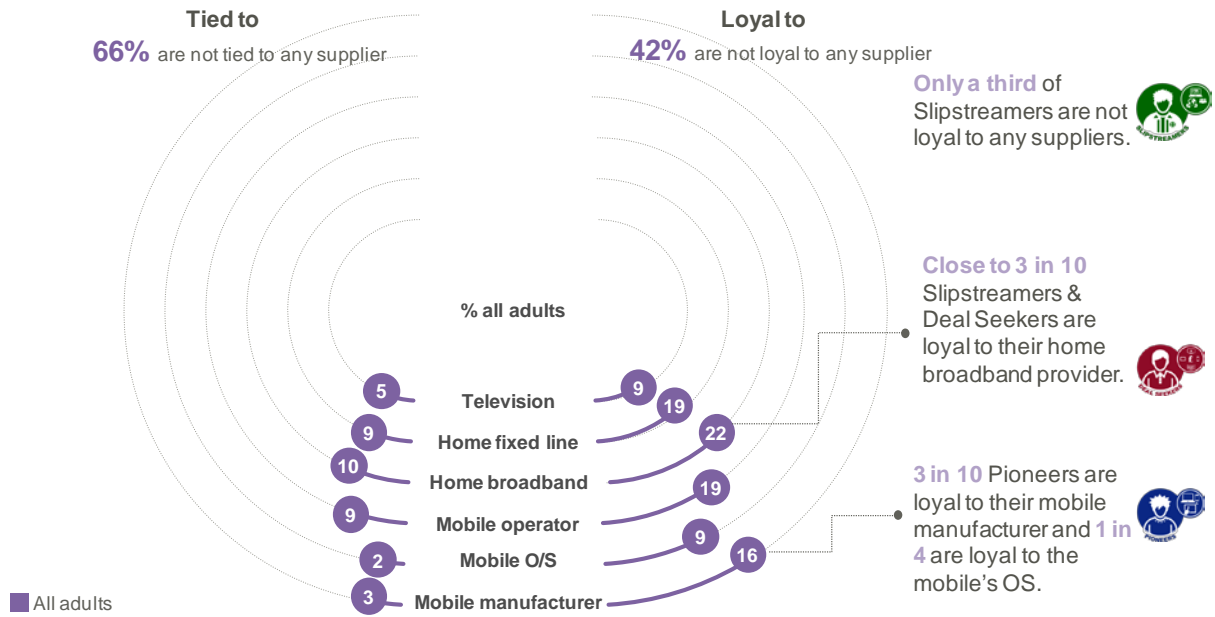
¹⁸ Phishing was described to participants within the questionnaire as “where someone has obtained personal and/or financial information and possibly stolen my identity”

4.0.8 Communications provider relationships

Our research shows that participants were more likely to feel loyal to their communications provider than to feel that they were tied to their existing provider. Loyalty was highest towards broadband, fixed line and mobile operators.

A quarter of Pioneers, and around three in ten Slipstreamers and Deal Seekers, say they are loyal to their mobile operating system (OS).

Figure 20 Communications provider relationships



Source: Ofcom research
 Base: All UK adults (2,508)

Section 5

Availability of services and providers

Introduction

This section of the report highlights the availability of communications services across the UK. It also reports trends in the availability of technology within sectors; for example, 3G and superfast broadband services.

By tracking levels of availability we can monitor the market and see how different consumers are accessing the different services, thereby highlighting any issues relating to their not being able to use a specific service for reasons outside their control.

Key trends

- **Fixed line, broadband and digital broadcasting are available to nearly all consumers, with varying degrees of mobile coverage across the UK.** In 2013, using data taken from network operators planning tools, we estimated that 99.6% of premises had an outdoor mobile signal from at least one 2G operator and 99.1% by at least one 3G mobile operator¹⁹.
- **Digital terrestrial coverage is almost universal following digital switchover.** Digital terrestrial television (DTT) has near-universal coverage of 98.5% of UK households, as the UK completed digital switchover in late 2012.
- **DAB digital radio services are available to over nine in ten (94.4%) households.** The recent extension of the Digital One multiplex to Northern Ireland has increased the proportion of UK households that are able to receive these services. Following the launch of new multiplexes around the UK, the proportion of UK households that are served by local commercial multiplexes has also increased; from 66.4% to 71.7%.
- **Consumers are able to choose from a wide range of communication providers.** The number of communication providers remained fairly stable in 2013. There are at least 13 major suppliers of bundled residential communications services, 114 fixed line operators and 4 mobile network operators. There are currently 519 television channels, 13 of which are public service channels and their HD and +1 variants, with the remaining 506 being commercial channels. Consumers have 553 analogue radio services in the UK, including local and UK-wide commercial stations, BBC local, UK-wide and community stations, and 212 stations available on DAB, of which 50 are digital-only brands.

These key trends are explored in more detail under the following sub-headings:

- availability of services across the UK; and
- range of communications providers available.

¹⁹ We recognise that the planning tools are subject to a margin of error and local factors, such as tall buildings or trees, can affect the signal at different locations. In addition, the quality of mobile services are affected by factors other than signal strength, such as network capacity, number of simultaneous users and quality of handset. In 2014 we will be undertaking work to measure the actual consumer experience.

5.1 Availability of services across the UK

5.1.1 Fixed-line, broadband and digital broadcasting are available to nearly all consumers, with varying degrees of mobile coverage across the UK

Fixed-line telephony, broadband and digital broadcasting are available to nearly everyone in the UK. In 2013, using data taken from network operators planning tools, we estimated that 99.6% of premises had an outdoor mobile signal from at least one 2G operator and 99.1% by at least one 3G mobile operator²⁰. One of the 800MHz spectrum licences Ofcom auctioned carries an obligation on the holder to provide indoor coverage to 98% of consumers at speeds of 2Mbit/s by 2017, with at least 95% coverage being provided in each of the nations.

Fixed-line PSTN services are universally available across the UK. The universal service obligation (USO) is currently provided by BT, and by Kingston Communications in Hull. All households in the UK must be able to access a fixed line at a standard charge, although additional connection charges apply when a household is so remote that installation would cost the supplier over £3,400 to provide the line.

Ofcom's *Infrastructure Report* includes data on predicted mobile signal strength (based on operator planning models) for both 2G and 3G in the UK, and calculates two measures of coverage²¹. The first considers the proportion of postal addresses that are within coverage of the networks ('premises coverage'), while the second considers overall geographic coverage; i.e. what percentage of the UK's land mass they serve ('geographic coverage'). We have based our analysis on a signal strength that should be sufficient to make or receive a call outdoors²².

A summary of coverage across the UK and for each of the nations is shown in Figure 21 below.

²⁰ See footnote 17

²¹ There are a number of other mobile coverage projects elsewhere, such as the BBC's mobile coverage research (<http://www.bbc.co.uk/news/technology-14582499>) and OpenSignalMap (<http://www.opensignalmaps.com/>), both of which use consumer-end devices to measure mobile coverage. The outcomes of this crowd-sourcing approach are limited by the number of test devices and where the phones are used.

²² See Annex 1 in Ofcom's *Infrastructure Report* for details on the signal thresholds we have used

Figure 21 Availability of mobile

Mobile Coverage								
	2G				3G			
	Geographic coverage		Premises coverage		Geographic coverage		Premises coverage	
	no signal from any operator	signal from all operators	no signal from any operator	signal from all operators	no signal from any operator	signal from all operators	no signal from any operator	signal from all operators
England	4.6%	72.8%	0.2%	95.2%	6.0%	32.7%	0.5%	82.6%
Scotland	26.2%	41.7%	0.7%	91.9%	50.5%	4.9%	3.4%	69.8%
Northern Ireland	8%	56.5%	1.5%	81%	13.3%	16.7%	2.6%	62.9%
Wales	15.7%	52.8%	1.2%	87%	21.9%	11.49%	2.3%	58.4%
UK	12.7%	62.4%	0.4%	94.1%	22.9%	21%	0.9%	79.7%

Source: Ofcom Infrastructure Report²³

5.1.2 Growing superfast broadband take-up is driving increases in actual fixed broadband speeds

UK consumers are able to access to a wide choice of broadband products as a result of the availability of local loop unbundling (LLU), ADSL²⁴ fibre, cable and mobile broadband and the ability to purchase services as part of a bundle. At the end of 2012 94% of UK premises were connected to an LLU-enabled BT local exchange, while by June 2013 the proportions of premises that were in postcodes served by BT Openreach/ Kcom fibre broadband networks, and that were passed by Virgin Media's cable broadband network, were 56% and 48% respectively. Overall, over 99.9% of UK premises were able to access ADSL fixed broadband services at the end of 2012, although factors such as distance from the exchange and the quality of local networks may limit availability.

The average speed of UK residential fixed broadband connections is continuing to increase, and Ofcom research²⁵ shows that the average actual download speed of these services increased from 9.0Mbit/s to 14.7Mbit/s in the year to May 2013 (see Figure 22). This rise is largely due to increasing take-up of superfast broadband services (i.e. those with a headline speed of 'up to' 30Mbit/s or higher) which accounted for 19% of all residential fixed broadband connections by May 2013, up from 8% a year previously²⁶.

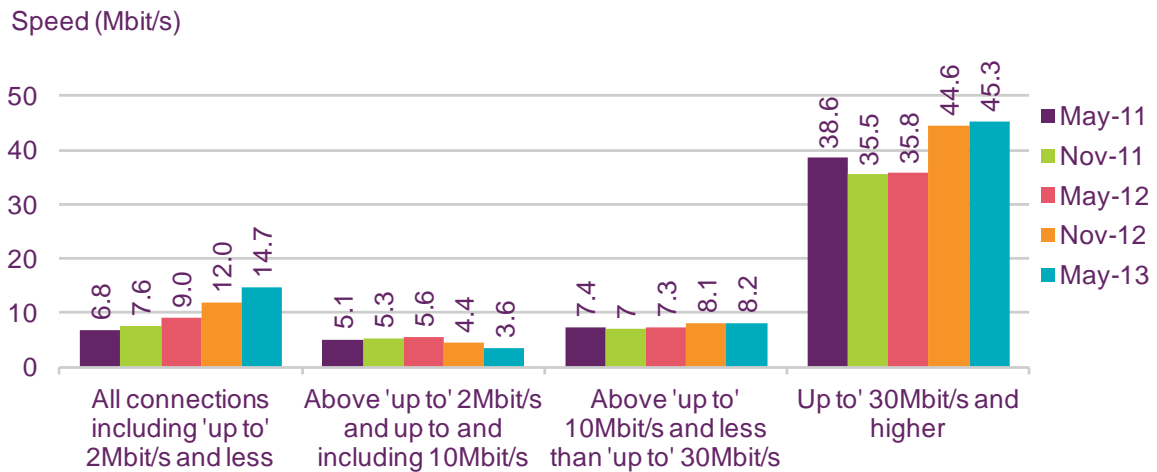
²³ <http://stakeholders.ofcom.org.uk/market-data-research/other/telecoms-research/broadband-speeds/infrastructure-report-2013/>

²⁴ LLU is the process whereby the incumbent operators (in the UK it is BT and Kingston Communications) make their local network (the lines that run from customers premises to the telephone exchange) available to other communications providers.

²⁵ http://stakeholders.ofcom.org.uk/binaries/research/broadband-research/may2013/Fixed_bb_speeds_May_2013.pdf

²⁶ The next publication is expected in February 2014 based on data collected in November 2013.

Figure 22 Average actual broadband speeds: May 2011 to May 2013



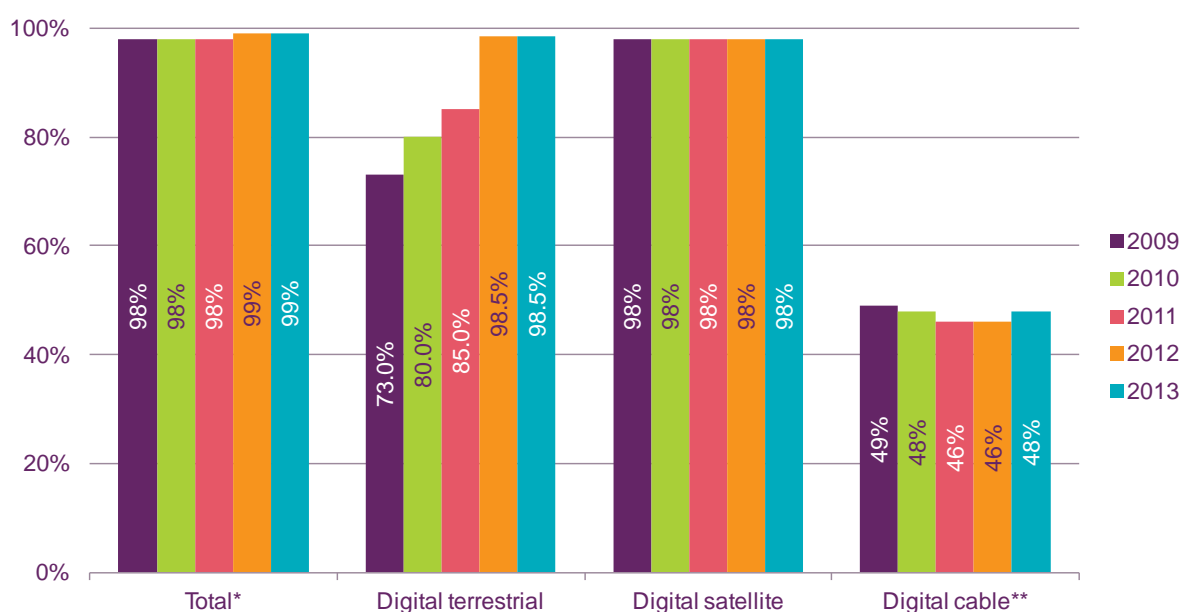
Source: SamKnows measurement data for all panel members with a connection in May 2013. Panel Base: 1,105.

5.1.3 Digital terrestrial coverage is almost universal following digital switchover at the end of 2012

UK viewers can choose from four types of digital distribution technology to receive live broadcast-quality television - digital terrestrial, satellite, cable and IPTV. However, these are subject to varying degrees of availability.

Figure 23 shows that digital TV services delivered over the airwaves were the most widely available type in 2013. Digital terrestrial (DTT) has near-universal coverage; 98.5%, as the UK completed digital switchover in late 2012. Cable coverage capable of offering cable fixed telecoms and/or pay-TV services stands at 48% of UK homes (the 2011 and 2012 figures are lower than in previous years due to a change in the measurement of cable availability, explained in Figure 23 below).

Figure 23 Availability of digital television



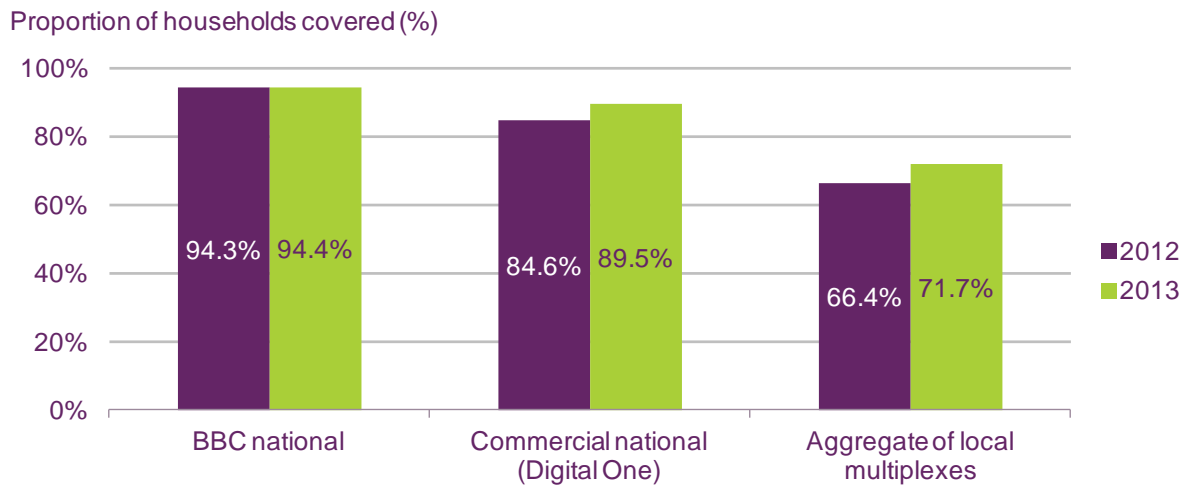
Source: Ofcom and operators

Note: * While we are unaware of exactly where digital services overlap, and therefore cannot determine exact total digital coverage, in 2012 we assumed that total digital television coverage, while not universal, was higher than that offered by any one platform. ** Cable availability figures for 2011 and 2012 only include postcodes where Virgin Media offers triple-play bundled services. Previous years did not use this definition of cable availability, and comparisons with 2011 and 2012 should be treated with caution.

5.1.4 BBC DAB is available to over nine in ten UK households. Greater London has the highest number of digital services available to consumers

The BBC has the most widespread DAB coverage, with the BBC's network of 11 stations available to 94.4% of UK households (Figure 24). The national commercial multiplex, Digital One, broadcasts 14 commercial stations, including simulcasts of the three stations available nationally on analogue. The recent extension of the Digital One multiplex to Northern Ireland has increased the proportion of UK households that are able to receive these services. The proportion of UK households that are served by local commercial multiplexes has also increased, following the launch of new multiplexes around the UK.

Figure 24 Availability of DAB radio



Source: Ofcom

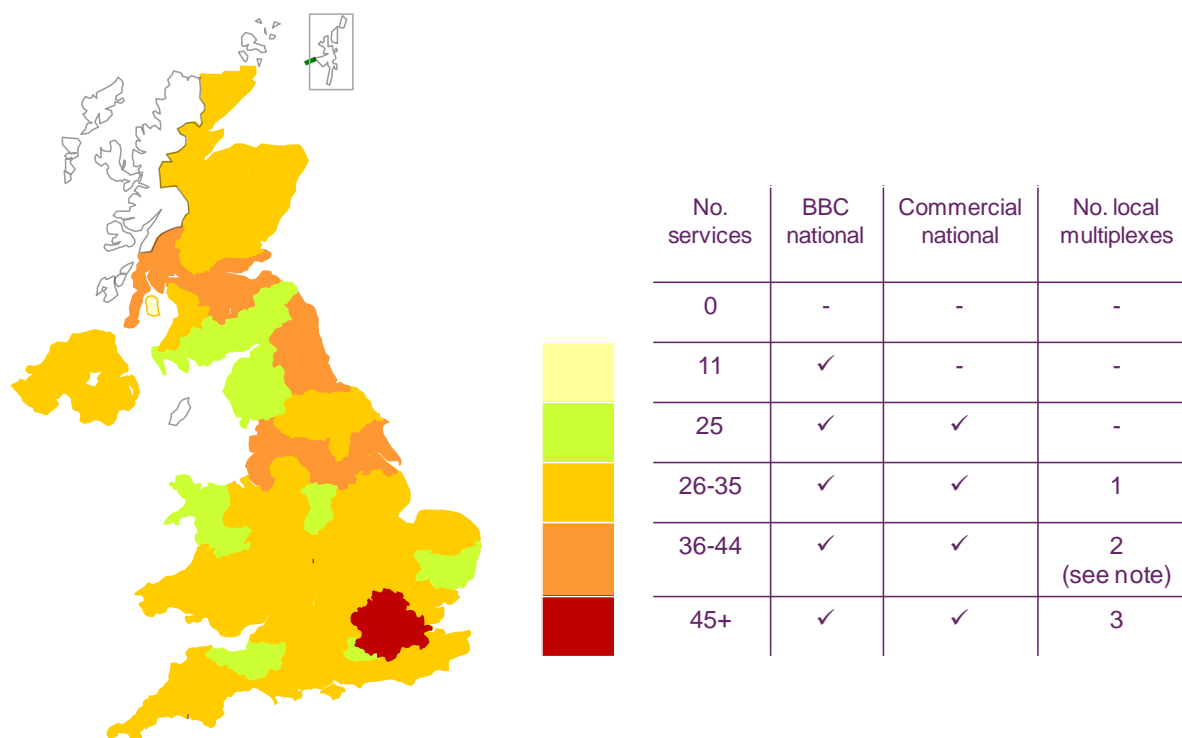
Note: The figures for local DAB coverage are derived from a set of assumptions which have recently been changed following extensive testing. Consequently, the actual coverage of local DAB will be greater than is shown here.

The availability of radio services on DAB is highest in the Greater London area, where listeners can receive up to 61 radio services. Dumfries and Galloway, the Scottish Borders, Cumbria, North West Wales, Somerset and Suffolk are the areas where availability is lowest. Listeners can receive up to 25 stations on DAB in these areas. Outside London, the majority of homes in the UK where DAB is available receive between 26 and 35 services. Figure 25 shows the number of stations as well as the number and type of digital multiplexes which are available across the UK. Further information on the number of analogue and digital stations that are available across the UK on analogue and DAB can be found in Ofcom's *Digital Radio Report 2013*.²⁷

²⁷ Ofcom, *Digital Radio Report 2013*

http://stakeholders.ofcom.org.uk/binaries/research/radio-research/drr-13/2013_DRR.pdf

Figure 25 Number of services available on DAB: UK map



Source: Ofcom, September 2013

Note: the Tyne and Wear and Teesside areas have one multiplex each, but each of these multiplexes carry more services than most other local multiplexes.

5.1.5 Royal Mail provides a universal postal service to consumers across the UK, with competition concentrated on parcel and bulk mail delivery

Royal Mail is the designated universal service provider in the UK and is subject to certain legal requirements²⁸ and regulatory conditions²⁹; including the requirement to provide collections of letters, and their delivery to every UK home or premises six days a week. Prices for universal services must be affordable (and uniform) throughout the UK.

Royal Mail must also provide sufficient post boxes and other access points (e.g. at post offices) to meet the reasonable needs of users of the universal postal service. This includes a requirement that there should be a post box within 0.5 miles of at least 98% of premises nationally; and for the remaining 2% of premises, Royal Mail must provide sufficient access points or other means of access to the universal service (e.g. collection on delivery from very remote or isolated locations such as farmhouses) to meet the reasonable needs of users (having regard to the costs and operational practicalities of doing so). Currently, the UK has over 115,000 post boxes and 11,780 post offices.

As businesses are responsible for the majority of mail sent in the UK, competition in the postal sector has developed with a focus on businesses sending bulk mail. For consumers who want to send an addressed letter or greetings card, the provider they use is most likely to be the universal service provider, Royal Mail.

²⁸ Including under the Postal Services Act 2000 and Postal Services Act 2011.

<http://stakeholders.ofcom.org.uk/post/uk-leg/>

²⁹ as imposed by Ofcom, <http://stakeholders.ofcom.org.uk/post/conditions/>

For consumers who are sending parcels, however, a range of providers are able to provide this service. Apex Insight³⁰ has identified over 15 companies which operate significant parcels networks in the UK, including international operators such as DHL, UPS, FedEx, TNT and DPD as well as national operators including City Link, UK Mail, Yodel and Hermes. Although the majority of these operators primarily offer services to businesses, they also offer services to consumers wishing to send parcels and packets.

DHL, for example, has customer-facing outlets in branches of Ryman stationers, and UPS offers parcel mailing services as part of its Access Point network. Collect+, a parcel service operated by Yodel and PayPoint, has a network of over 5,250 local shops where consumers are able to send and receive parcels. The Collect+ network also handles returns for some online retailers. Online services such as Parcel2Go and Parcelmonkey act as intermediaries, aggregating nationwide courier services and offering an online service to book the collection of parcels. In many areas in the UK, local couriers operate delivery networks, often offering a same-day service within a defined geographical area.

A range of parcel collection and delivery services are offered by a number of providers at a range of prices. The types of services offered allow users to choose a service that best meets their needs, in terms of whether to include tracking, insurance, time or day definite delivery slots. Some providers limit their coverage and exclude certain areas such as Northern Ireland, the Scottish Highlands and Islands, the Isle of Man and the Isle of Wight, which has an impact on the level of choice in these areas.

5.2 Number of communication providers available in the UK

Consumers in the UK are able to choose from a number of communications providers offering a wide range of standalone and bundled communications services and content choices. Figure 26 below shows the range of providers and content choices available within the communications market.

5.2.1 Number of providers offering services remains relatively stable

There are at least 13 major suppliers of bundled residential communications services (for example, a fixed line and a multichannel TV bundle, where the customer has to take both services to get the advertised price). This has remained unchanged over the past few years.

Similarly, there has been no change in the number of provider options for consumers in the fixed-line market. There are estimated to be 114 providers offering services in the fixed-line market subject to the Conditions of Entitlement (the conditions they must fulfil in order to offer communications services).

Consumers continue to be able to choose from mobile services offered by four mobile network operators (MNOs) – Vodafone, O2, Three and Everything Everywhere. Since the 2010 merger of T-Mobile and Orange, Everything Everywhere has continued to operate three retail brands, selling 2G and 3G services through T-Mobile and Orange and 4G services through EE. There are also many virtual mobile network operators (MVNOs) and resellers³¹.

³⁰ Apex Insight is an independent provider of research, analysis and advice covering business-to-business markets.

³¹ An MVNO or reseller is a company that resells services from one of the four network operators but does not own its own mobile network infrastructure. For example, Virgin Mobile uses the T-Mobile network (which is being integrated with the EE network) and Tesco Mobile uses the O2 network.

Figure 26 Range of provider/content choices in the communications market

	2008	2009	2010	2011	2012	2013
Bundled operators	13	14	13	13	13	13
Fixed line operators (estimated)	118	116	116	116	114	114
Mobile network operators	5	5	4	4	4	4
Television channels	495	492	490	499	525	519
PSB channels	13	13	13	13	13	13
Radio*- analogue services	485	513	510	545	536	553
Radio simulcast on DAB	133	178	146	156	167	162
Radio - DAB only	38	38	46	53	52	50

Source: Ofcom. Bundled operators data provided by PurePricing.

*Not all radio stations are available to all listeners

Comparison of the range of choice between sectors

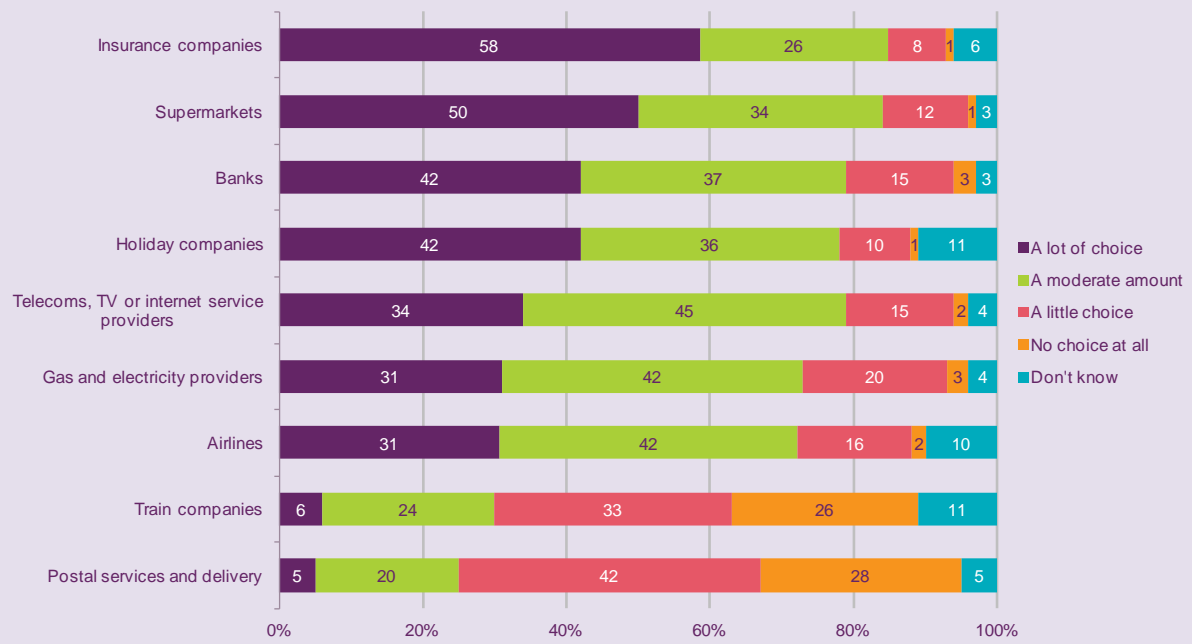
A recent survey³² asked consumers to rate the amount of choice across a number of sectors. Insurance companies (58%) and supermarkets (50%) rated highest for having 'a lot of choice'. This was followed by banks (42%) and holiday companies (42%). A third of consumers rated telecoms, TV or internet service providers (34%), gas and electricity providers (31%) and airlines (31%) as having 'a lot of choice'. Train companies and postal services were reported to have less choice, with over one in four (26% and 28% respectively) stating that they offered 'no choice at all'.

MVNOs often offer niche services such as low-cost international calls to customers from minority ethnic groups and immigrant communities.

³² *Customers in Britain*, conducted by Firebrand Insight in 2013

<http://www.firebrandinsight.co.uk/sector-experience/our-life-in-britain-series>

Figure 27 Perceptions of provider choice available



Source: *Customers in Britain 2013*, Firebrand Insight
 Base: all adults (1,018)

Section 6

Take-up of services and devices

In this section we highlight the extent to which consumers have communications services and devices available in their household. We illustrate how take-up has changed over time, highlight any demographic differences in ownership, and make broad international comparisons. This section also looks at the changes in usage levels and changes over time in the types of activities being undertaken.

By examining take-up and use of communications services we are able to identify whether there are any concerns regarding non-ownership that we need to consider.

Key trends

- **Fixed-line ownership has stabilised in the UK.** Following the decline in fixed-line ownership seen in 2009, ownership levels have remained at 84% for a fourth consecutive year.
- **Mobile-only households continue to be younger consumers and from the DE socio-economic group.** The majority (79%) of households continue to own both a fixed line and a mobile phone, with a further 4% fixed-line only and 16% mobile-only. Just over a quarter (27%) of 16-24s and those in DE (28%) socio-economic group are in mobile-only households. Mobile-only households also continue to be more prevalent in urban (17%) than in rural areas (9%).
- **Take-up of the internet remains stable, with four in five (82%) households able to access the internet at home.** Seventy-eight per cent of households use either fixed and/or mobile broadband, 4% have access only via their mobile phone and 1% use a dial-up internet connection. Total use of fixed broadband remains unchanged at 74% of adults, with a further 4% using mobile broadband only.
- **There was a significant decrease in the number of consumers who ever use mobile broadband outside the home.** Ninety-five per cent of adults with mobile broadband via a dongle (or built-in connectivity in a laptop, netbook or tablet) say they use it at home. In 2013 there was a significant decrease in the number of consumers who ever use mobile broadband outside the home (60% versus 77%) and an increase in those who only use mobile broadband in the home (38% vs. 22%).
- **Around half of all UK adults access multi-channel television at home through Freeview.** Thirty-seven per cent of all adults only use Freeview to access multichannel television at home; this compares to 31% only using satellite and 14% only using cable.
- **Just under six in ten (58%) adults receive pay TV.** Following the slight decline in take-up of pay TV for some age groups in 2012, take-up has remained stable for all age groups.
- **Two-thirds of consumers claim to have access to digital radio services.** Take-up of digital services that can deliver digital radio (i.e. digital TV and/ or internet) has increased to 100% of homes. Two-thirds (66%) of consumers claimed to have access to digital radio services at home (via DTV, internet or DAB radio set), as in 2012 – suggesting that around one in three are unaware that they can access digital radio services at home.

- **Just under two-thirds (64%) of postal users claim to be reliant on the postal service.** Levels of those claiming to be 'very reliant' on the postal service increased with age, with 18% of 16-24 year olds stating they were 'very reliant' on the postal service, compared to 30% of those aged 65-74 and 41% of those over 75 years old.
- **The postal price increases in April 2012 have had no impact on the behaviour of almost three in five residential postal consumers.** The claimed impact of the price rise increases with age, with over two-thirds (68%) of those aged 16-24 saying it had no impact. This compares to just over half of those aged 55 to 64 (54%), 65 to 74 year olds (52%) and those over 75 (56%).
- **Over nine in ten consumers are satisfied with the 'delivery to neighbour' scheme for post.** Of the 28% of postal users who had experienced the 'delivery to neighbour' scheme, more than nine in ten (94%) stated they were either satisfied, or very satisfied, with the scheme, with over three in four (77%) being very satisfied.

These key trends are explored in more detail below under these sub-headings; at a UK level, and internationally where possible:

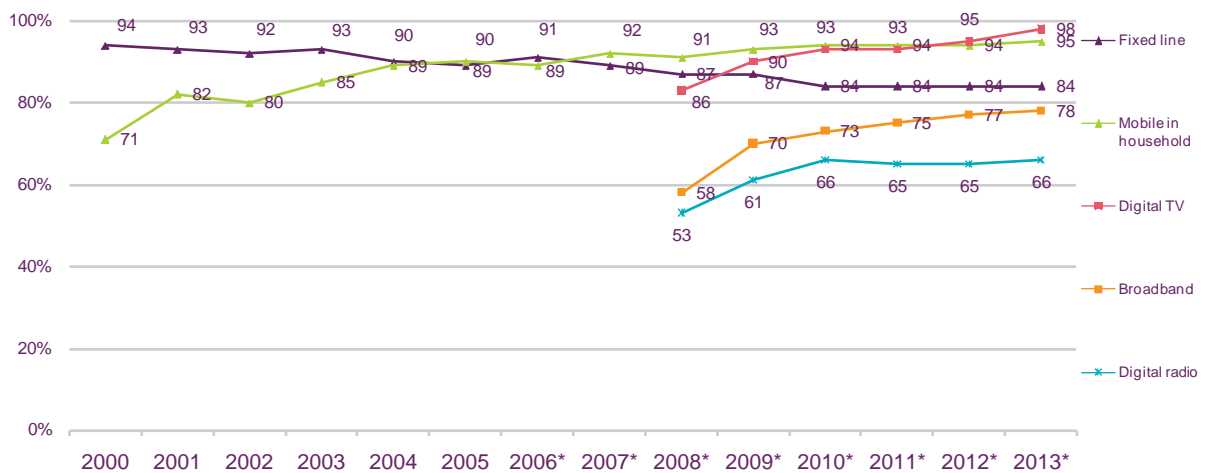
- Take-up of communications services and devices across the UK
- Telecoms ownership (including broadband), in detail
- Digital broadcasting, in detail
- Postal users, in detail
- Ownership of connected devices
- Non-ownership of communications services

6.1 Take-up of communications services and devices across the UK

6.1.1 Digital TV take-up rose following the completion of digital switchover while other markets stabilised

Figure 28 shows that mobile phones and digital TV have the highest levels of penetration, with over nine in ten consumers having access to these services in their household. While most markets have stabilised, there has been an increase in the penetration of digital TV (to 98%, the remainder not having a TV) since the completion of digital switchover in 2012. Broadband ownership is at a similar level to 2012, with over three in four households (78%) now having this service.

Figure 28 Take-up of communications services in the household



Source: Ofcom communications tracking survey

Base: All adults 16+ (Q4 2000, 2133) (Q4 2001, 2159) (Q4 2002, 2138), (Q4 2003, 2150) (Q4 2004, 2131) (Q4 2005, 2214) (Q2 2006, 2439) (Q2 2007, 2265) (Q2 2008, 2109) (Q2 2009, 2085) (Q2 2010, 2106) (Q2 2011, 2862) (Q2 2012, 2893) (Q1 2013, 2879)

*Note: Data for 2006-2013 based on Q2, all other data based on Q4

6.1.2 Over nine in ten households in the nations have at least one mobile phone and/or digital TV

Levels of digital TV and mobile phone ownership in the household are at similar levels for each nation (Figure 29), with over nine in ten households having these services. Other services see different levels of take-up across the nations. Scotland has a lower level of fixed-line ownership, at three in four households (77%) compared with over eight in ten households in the other nations. Home broadband ownership is lower in Scotland, with seven in ten (72%) stating they have this service, compared to eight in ten in England (78%) and Wales (79%), and three in four in Northern Ireland (76%). While overall broadband ownership is lower in Scotland, mobile broadband ownership in this nation is higher, whether as the only broadband service (7%) or alongside fixed broadband (12%). Consumers in England are less likely to have mobile broadband at home, either as the only broadband service (3%) or alongside fixed broadband (4%). Within the nations, England and Northern Ireland have the highest levels of claimed access to digital radio at home (both 67%).

Figure 29 Take-up of communications services in the household, by nation

	UK	England	Scotland	Wales	Northern Ireland
Fixed line	84%	85%	77%	85%	84%
Mobile Phone	95%	95%	95%	94%	95%
Digital TV	98%	98%	98%	99%	99%
Digital Radio*	66%	67%	59%	62%	67%
Broadband	78%	78%	72%	79%	76%
Mobile broadband ONLY	4%	3%	7%	7%	2%
Fixed broadband ONLY	69%	71%	53%	70%	66%
Fixed and mobile broadband ONLY	4%	4%	12%	2%	9%

Source: Ofcom communications tracking survey

Base: All adults 16+ (Q2 2013, 2879)

* Claimed access to digital radio at home

Note: UK data taken from Q2 2013 as opposed to Q1 2013 among the nations, therefore the figures are not directly comparable.

Figure 30 shows the take-up of devices across the nations. By household, the levels of personal ownership of a mobile phone are similar in each nation, but personal ownership of smartphones is lower in Scotland than the UK average (48% vs. 56%). Compared to other nations, England has higher levels of DAB ownership (43%) while Northern Ireland has lower personal use of e-readers compared to the UK average (8% vs. 15%). Take-up of tablet computers does not vary significantly from the UK average (29%) for any of the nations.

Figure 30 Take-up of devices in the household, by nation

	UK	England	Scotland	Wales	Northern Ireland
Mobile phone take-up	93	93	94	92	93
Smartphone take-up	56	57	48	56	54
DAB ownership amongst radio listeners**	41	43	29	27	24
Smart TV ownership among TV homes**	7	8	4	6	6
Tablet computer take-up	29	28	32	28	34
E-reader take-up (personal use)	15	15	13	12	8

Source: Ofcom communications tracking survey

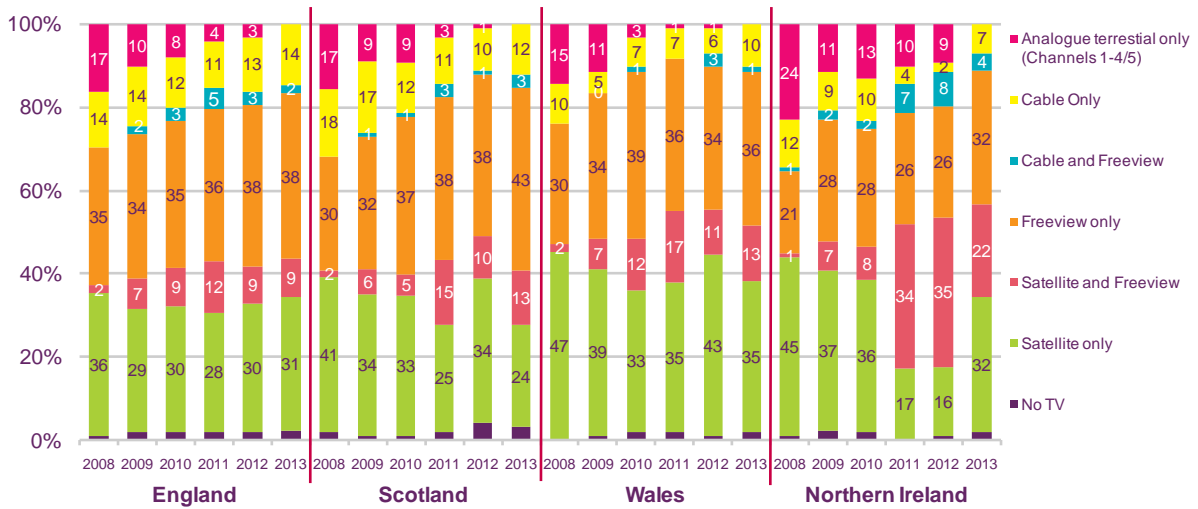
Base: All adults 16+ (Q2 2013, 2879)

** Figures from Q1 2013 (Radio listeners 2910, TV homes 3661)

6.1.3 Satellite-only households have decreased in both Scotland and Wales

While the television service platforms used in England are broadly unchanged since 2012, each of the other nations experienced changes in the profile of multi-platform ownership in 2013. In Scotland there has been a decrease in the proportion using satellite-only (24% vs. 34% in 2012) and an increase in those using Freeview only (43% vs. 38%). Wales also saw a decrease in the proportion of the population using satellite-only (35% vs. 43% in 2012), with small increases for each of the other types of ownership. Northern Ireland differs from the other nations, with an increase in the proportion of the population using satellite-only (32% vs. 16% in 2012) and an increase in those using Freeview only (32% vs. 26%). Customers in Northern Ireland remain more likely than any of other nations to have both satellite and Freeview, rather than just one of those services (22%).

Figure 31 Multi-platform ownership, by nation



Source: Ofcom communications tracking survey

Base: All adults 16+ (Q1 2008, 5812) (Q1 2009, 6090) (Q1 2010, 9103) (Q1 2011, 3474) (Q1 2012, 3772) (Q1 2013, 3750)

QH1A. Which, if any, of these types of television does your household receive at the moment?

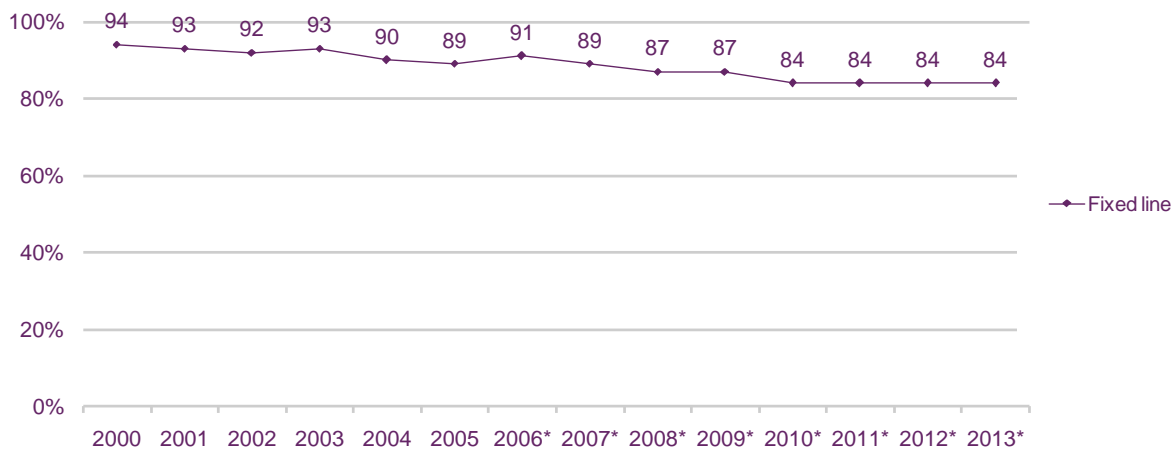
Note: Remaining percentages are those who own other types of TV (e.g. via broadband DSL)

The following sub-sections highlight the trend in take-up of individual communications services across the UK, then compare the UK with other countries. This is followed by a more detailed look at the UK data by demographic.

6.2 Telecoms ownership in detail

6.2.1 Fixed-line ownership has stabilised in the UK, with a smaller decline in take-up over the past five years than in other countries

Following the decline in fixed-line ownership noted in 2010 (from 87%), ownership has remained at 84% for the fourth consecutive year.

Figure 32 Take-up of fixed lines: 2000-2013

Source: Ofcom communications tracking survey

Base: All adults 16+ (Q4 2000, 2133) (Q4 2001, 2159) (Q4 2002, 2138), (Q4 2003, 2150) (Q4 2004, 2131) (Q4 2005, 2214) (Q2 2006, 2439) (Q2 2007, 2265) (Q2 2008, 2109) (Q2 2009, 2085) (Q2 2010, 2106) (Q2 2011, 2862) (Q2 2012, 2893) (Q2 2013, 2879)

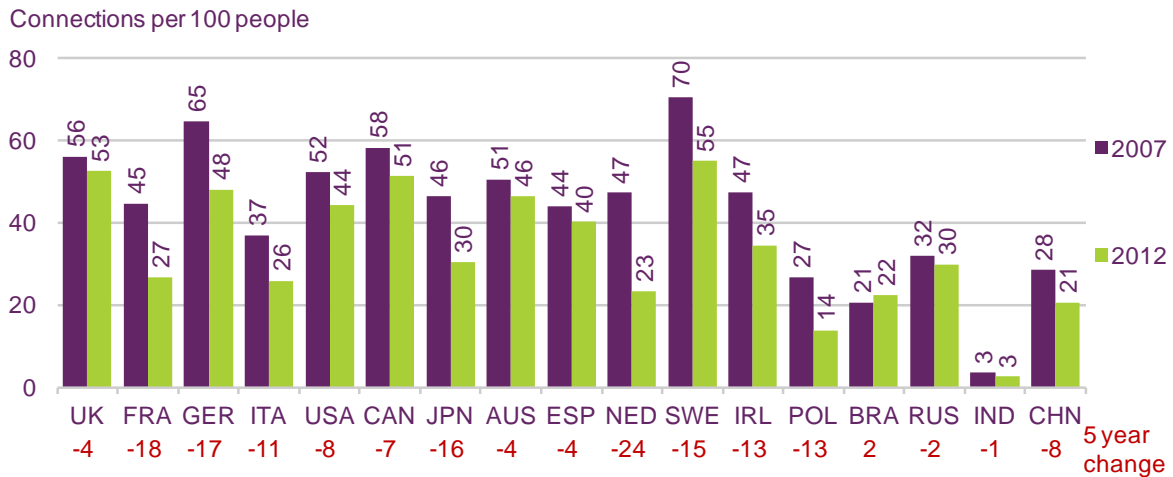
*Note: Data for 2006-2013 based on Q2, all others based on Q4

Data collected for Ofcom's 2013 *International Communications Market Report*³³ show that in the UK, as in all but one of the countries included in that report, the number of fixed lines per 100 people fell in the five years to 2012 (Figure 33). The sole exception was Brazil, where the number of fixed lines increased as a result of the deployment of fixed wireless access networks, which has increased the availability of fixed-line telephony services.

In the UK, the decline in the number of fixed lines over recent years has largely been the result of fixed-to-mobile substitution (as shown in Figure 36 of this report, Ofcom research suggests that 16% of UK homes were mobile-only in Q2 2013). More recently, there has also been an increase in the use of non-voice forms of communication (such as email, SMS messaging, instant messaging and the messaging facilities on social networking sites) as alternatives to both fixed and mobile voice calls. In the five years to 2012 the number of fixed lines per 100 people fell by four to 53 per 100 people in the UK, the joint smallest decline among the non-BRIC countries included in the report, along with Australia and Spain. Two key reasons for the resilience of the UK fixed-line market are the requirement for most UK homes to have a fixed line in order to access fixed broadband services, and the UK's comparatively low fixed voice prices.

³³ <http://stakeholders.ofcom.org.uk/market-data-research/market-data/communications-market-reports/cmr13/international/>

Figure 33 Take-up of fixed lines, by country

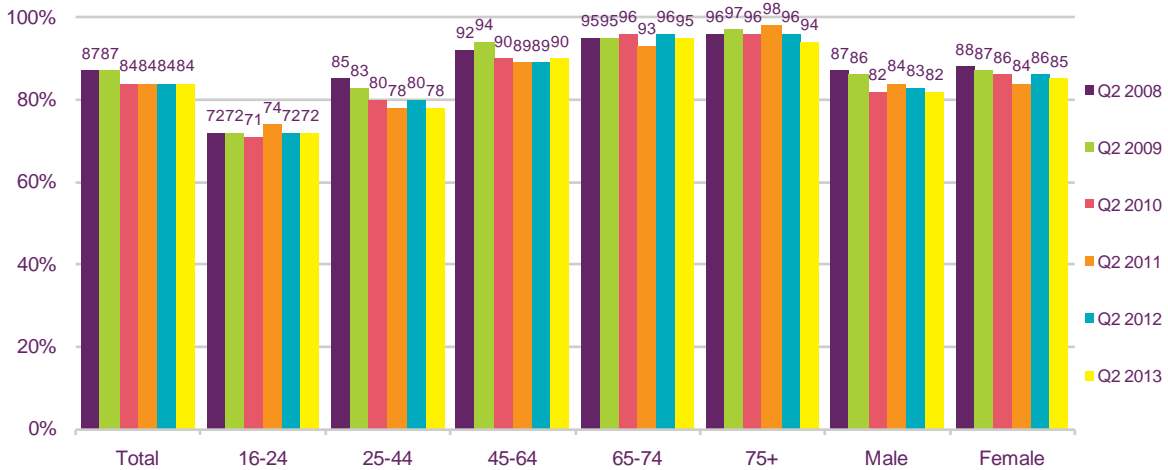


Source: IDATE / industry data / Ofcom

6.2.2 UK fixed-line take-up remains highest among older consumers and those in rural areas

There has been no significant change in fixed-line ownership across all age groups since 2012 (Figure 34), with fixed-line ownership increasing with age: over nine in ten consumers (95%) aged 65+ have a fixed-line service, compared to 72% of those aged between 16 and 24.

Figure 34 Age and gender profile of consumers who have fixed-line services

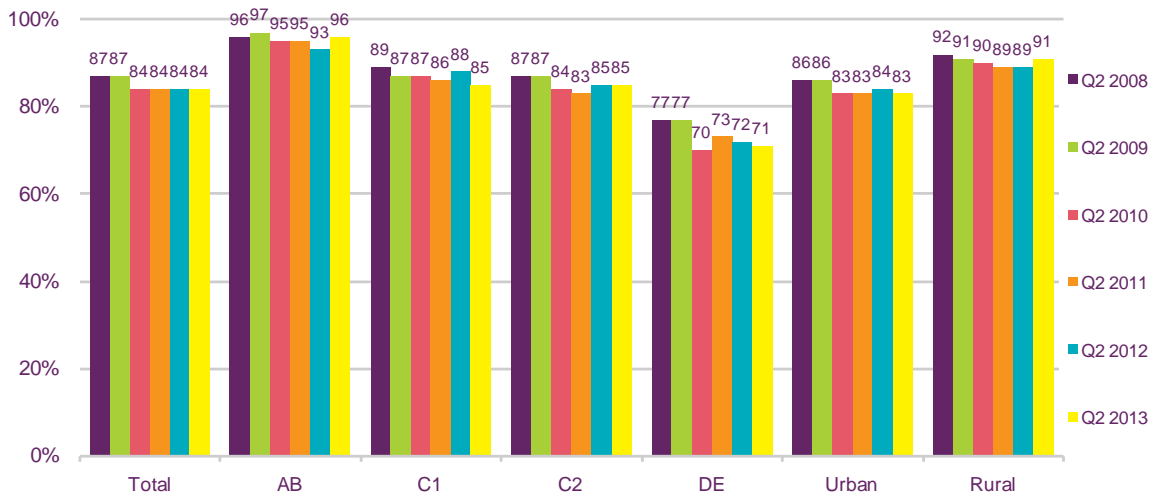


Source: Ofcom communications tracking survey

Base: All adults 16+ (Q2 2008, 2109) (Q2 2009, 2085) (Q2 2010, 2106) (Q1 2011, 2862) (Q2 2012, 2893) (Q2 2013, 2879)

Figure 35 shows there has been very little change in take-up by socio-economic group, with AB socio-economic groups more likely to have fixed-line services than DE socio-economic groups. Those living in a rural environment are more likely than those living in an urban environment to have a fixed-line service (91% vs. 83%).

Figure 35 Socio-economic and urbanity profile of consumers who have fixed-line services

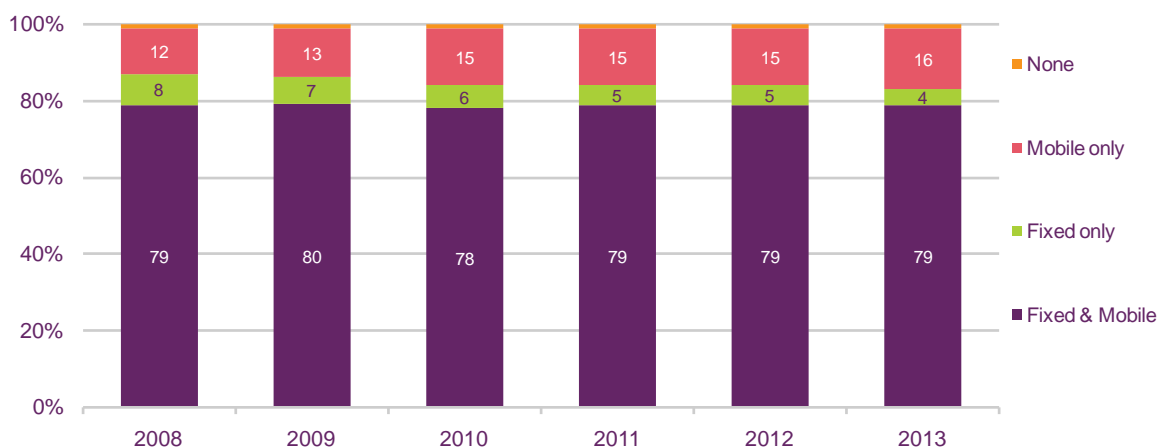


Source: Ofcom communications tracking survey
 Base: All adults 16+ (Q2 2008, 2109) (Q2 2009, 2085) (Q2 2010, 2106) (Q2 2011, 2862) (Q2 2012, 2893) (Q2 2013, 2879)

6.2.3 Most households continue to own both a fixed and mobile phone – one in six has only a mobile phone

Figure 36 shows that, as in 2012, the majority of households (79%) have both fixed-line and mobile phone services. A further 16% have mobile-only and 4% fixed-line only, both unchanged since 2012. Mobile-only households are discussed in more detail later in this section.

Figure 36 Take-up of fixed-line and mobile services



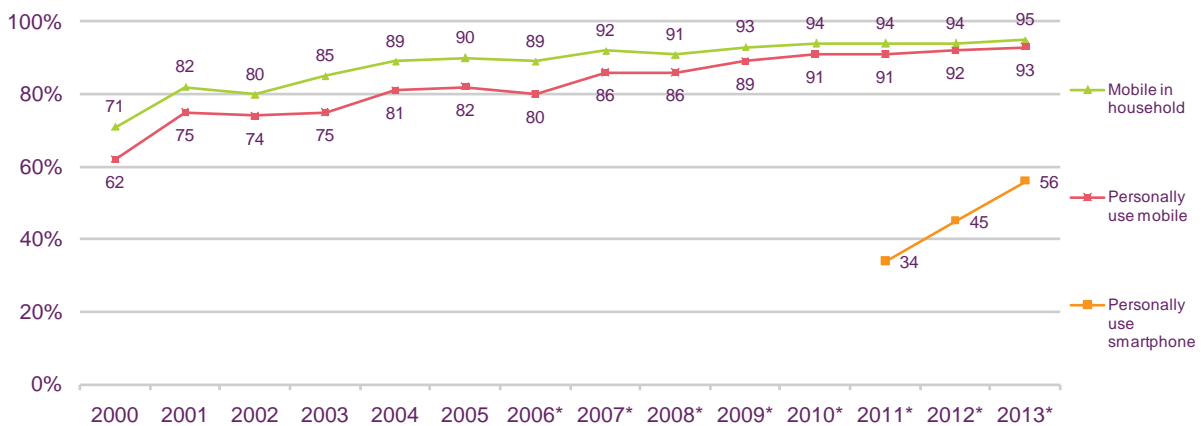
Source: Ofcom communications tracking survey
 Base: All adults 16+ (Q2 2008, 2109) (Q2 2009, 2085) (Q2 2010, 2106) (Q2 2011, 2862) (Q2 2012, 2893) (Q2 2013, 2879)

6.2.4 Over 90% of adults own a mobile; this compares favourably to the majority of countries

The following chart (Figure 37) illustrates the trend in mobile ownership among UK households and UK adults. 'Mobile in household' means at least one mobile phone within a household, and is compared to the proportion of adults who personally own and use a mobile at least monthly.

Take-up of mobile services remains stable: 95% cent of households have access to at least one mobile phone, with 93% of adults stating they personally use one. Over half of adults (56%) now use a smartphone, an 11 percentage point increase since 2012 (45%) which was in turn an 11 percentage point increase since 2011 (34%). Among smartphone owners 83% are on a monthly contract, unchanged since 2012³⁴.

Figure 37 Take-up of mobile services: 2000-2013



Source: Ofcom communications tracking survey

Base: All adults 16+ (Q4 2000, 2133) (Q4 2001, 2159) (Q4 2002, 2138), (Q4 2003, 2150) (Q4 2004, 2131) (Q4 2005, 2214) (Q2 2006, 2439) (Q2 2007, 2265) (Q2 2008, 2109) (Q2 2009, 2085) (Q2 2010, 2106) (Q2 2011, 2862) (Q2 2012, 2893) (Q2 2013, 2879)

*Note: Data for 2006-2013 based on Q2, all other data based on Q4

There were 84 million active mobile connections in the UK at the end of 2012,³⁵ equivalent to 132 connections per 100 people (Figure 38). This level of take-up was higher than in most of the countries for which data were available, but lower than in Germany, Italy, Australia, Sweden, Poland and Russia. In markets with high levels of mobile take-up, increases in the number of mobile connections are largely the result of consumers having more than one mobile; for example, one for personal use and another provided by an employer, a mobile handset along with a separate dedicated mobile data connection (such as a mobile broadband dongle, datacard or data-only SIM), and because some people use multiple SIMs to take advantage of different tariffs offered by mobile providers.

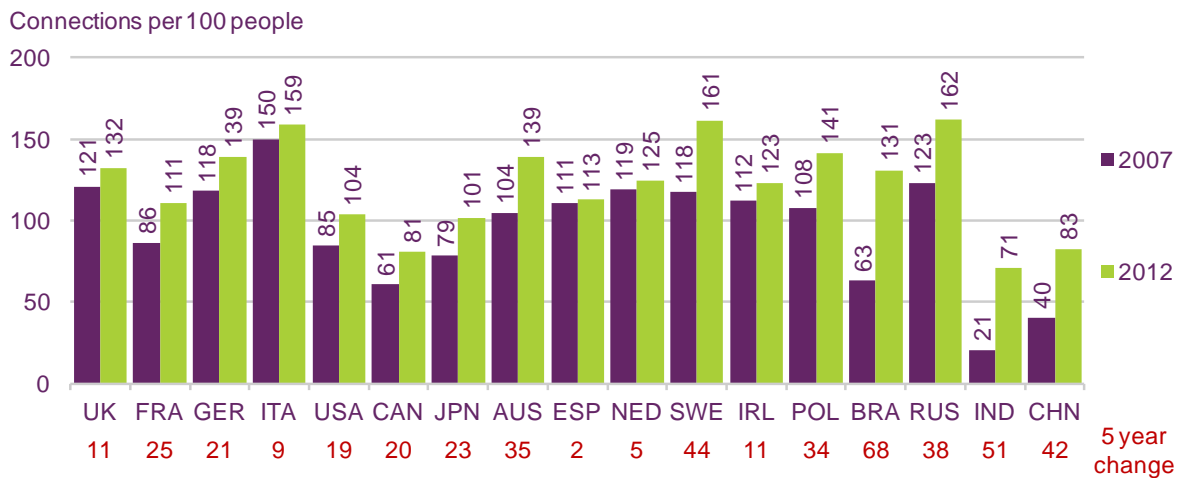
In the UK, there were seven dedicated mobile data connections per 100 people at the end of 2012, a slight fall compared to a year previously. This is likely to be because consumers are using smartphones for mobile internet access rather than dedicated mobile broadband dongles, datacards or data-only SIMs. UK take-up of dedicated mobile data connections was the sixth lowest among the countries for which comparable data were available, and

³⁴ Further details on package types can be found in the 'Consumer choices and value' section of this report.

³⁵ A mobile connection is considered active if it has been used in the previous 90 days.

significantly lower than in Sweden (19 connections per 100 people) and Australia (13 connections per 100 people), where take-up was highest.

Figure 38 Take-up of mobile connections, by country

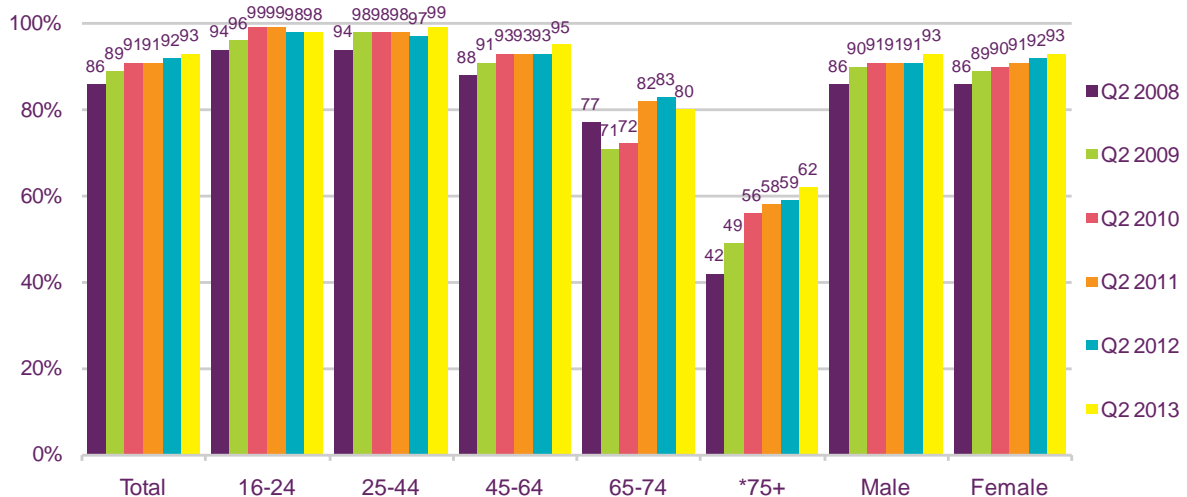


Source: IDATE / industry data / Ofcom

6.2.5 Over nine in ten adults between 16 and 64 personally use mobile phone services

Figure 39 shows that mobile phone ownership among 16-44s remains almost universal (98% among 16-24s and 99% among 25-44s). Mobile phone ownership among 65-74s remains at eight in ten (80%) after the ten percentage point increase in 2011. Those aged 75+ are the least likely to personally use a mobile phone, with just over six in ten (62%) claiming to do so.

Figure 39 Age and gender profile of those who personally use mobile phone services



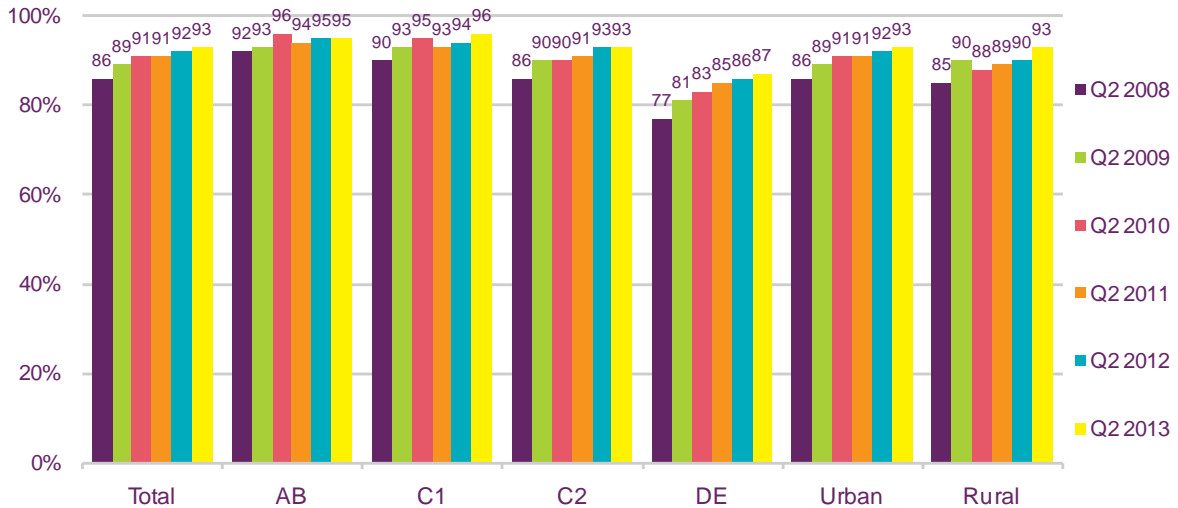
Source: Ofcom communications tracking survey

Base: All adults 16+ (Q2 2008, 2109) (Q2 2009, 2085) (Q2 2010, 2106) (Q2 2011, 2862) (Q2 2012, 2893) (Q2 2013, 2879)

* Caution: low base

Mobile use among all socio-economic groups and urban/ rural locations has remained stable since 2012 (Figure 40).

Figure 40 Socio-economic and urbanity profile of those who personally use mobile phone services



Source: Ofcom communications tracking survey

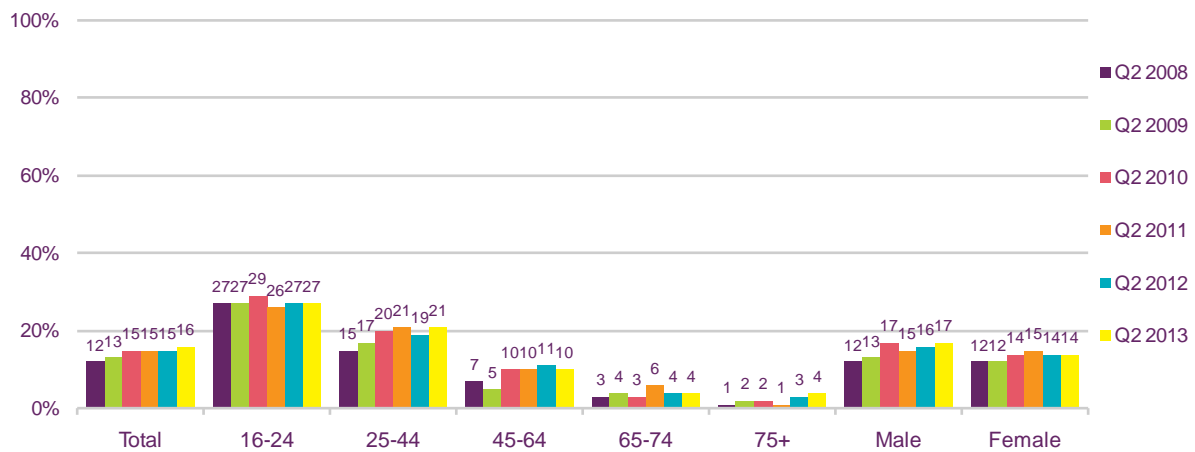
Base: All adults 16+ (Q2 2008, 2109) (Q2 2009, 2085) (Q2 2010, 2106) (Q2 2011, 2862) (Q2 2012, 2893) (Q2 2013, 2879)

6.2.6 No change in proportion opting for mobile-only telephony: most common among younger adults and DE households

The following charts illustrate the changing profile of adults who live in a household with access to a mobile phone but no fixed line. The proportion of households using only mobile services has remained stable since 2010 and stood at 16% in 2013.

The profile of consumers who rely only on a mobile phone in the household remains unchanged and is most common among younger age groups and those in DE socio-economic groups. Around a quarter of each of these demographic groups have access only to mobile telephony at home.

Figure 41 Age and gender profile of users of mobile-only telephony

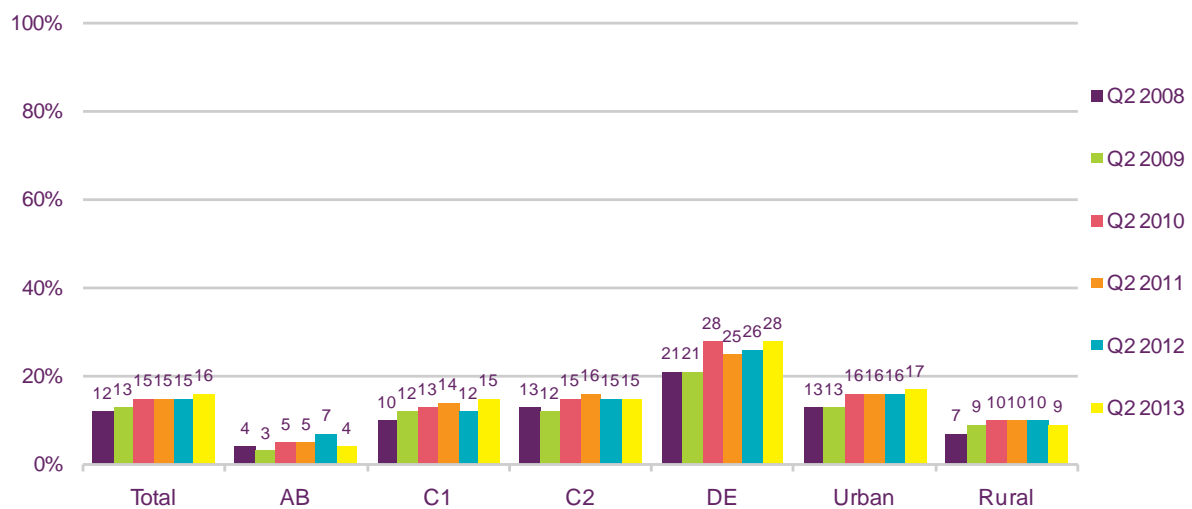


Source: Ofcom communications tracking survey

Base: All adults 16+ (Q2 2008, 2019) (Q2 2009, 2085) (Q2 2010, 2106) (Q2 2011, 2862) (Q2 2012, 2893) (Q2 2013, 2879)

Mobile-only telephony also continues to be higher in urban than in rural locations (17% vs. 9%).

Figure 42 Socio-economic and urbanity profile of users of mobile-only telephony



Source: Ofcom communications tracking survey

Base: All adults 16+ (Q2 2008, 2019) (Q2 2009, 2085) (Q2 2010, 2106) (Q2 2011, 2862) (Q2 2012, 2893) (Q2 2013, 2879)

6.2.7 Take-up of the internet continues to rise, with four in five households able to access the internet at home

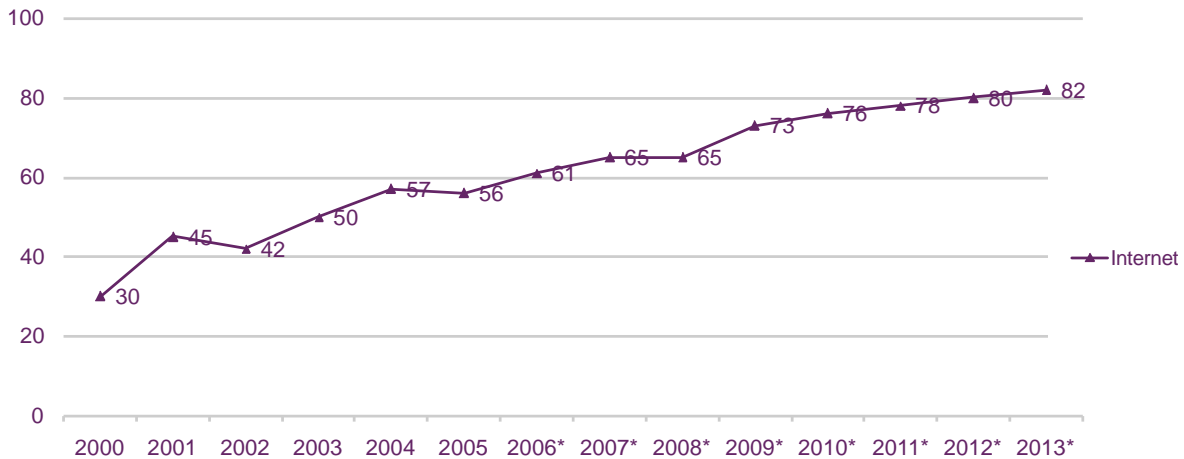
It is possible to measure take-up of the internet in two ways. The first metric covers consumers who access the internet at home³⁶, and the second measures the proportion of consumers who access the internet in any location.

³⁶ Internet access at home includes access via a mobile phone

Take-up of the internet at home has continued to rise steadily (Figure 43), and now stands at four in five households (82%).

Among those with internet access, 1% of adults say they use a dial-up internet connection for their home internet and 4% have access only via their mobile phone. These sample sizes are too small to analyse data further.

Figure 43 Take-up of the internet at home



Source: Ofcom communications tracking survey

Base: All adults 16+ (Q4 2000, 2133) (Q4 2001, 2159) (Q4 2002, 2138), (Q4 2003, 2150) (Q4 2004, 2131) (Q4 2005, 2214) (Q2 2006, 2439) (Q2 2007, 2265) (Q2 2008, 2109) (Q2 2009, 2085) (Q2 2010, 2106) (Q2 2011, 2862) (Q2 2012, 2893) (Q2 2013, 2879)

*Note: Data for 2006-2013 based on Q2, all other data based on Q4

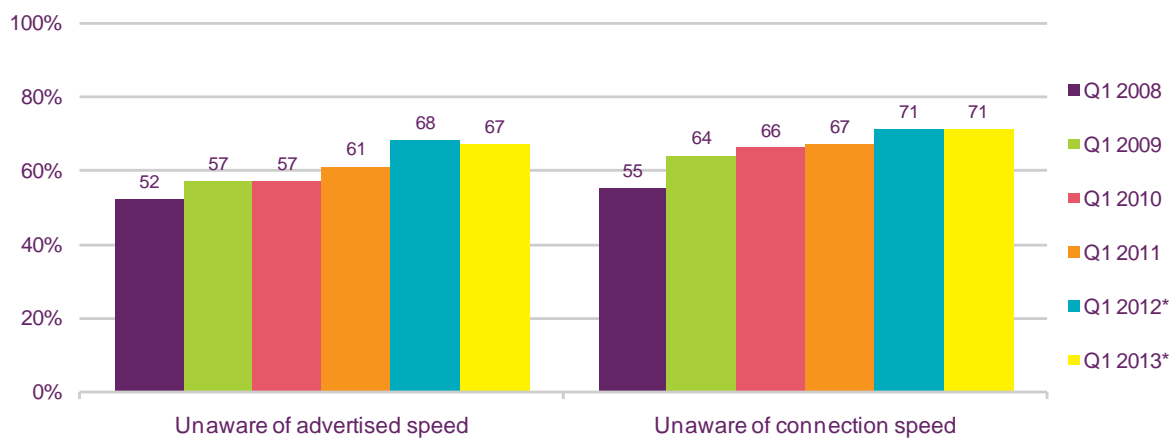
6.2.8 Men are significantly more likely to know the speed of their home fixed broadband connection – on average seven in ten were unaware

In the fixed broadband market consumers are increasingly able to choose from a range of speed and pricing options for their broadband service. It is important for them to be aware of some of the technical aspects of their internet connections, such as speed, in order for them to make informed supplier and service choices.

Figure 44 shows that the proportion of broadband customers unaware of the advertised or connection speed of their broadband connection is unchanged since 2012. Close to seven in ten broadband customers are unaware of their advertised speed (67%) or are unaware of the actual connection speed (71%)³⁷.

³⁷ Due to a change in question wording in 2012 differences between 2012-2013 and previous years should be taken as indicative only.

Figure 44 Level of awareness of broadband connection speed



Source: Ofcom communications tracking survey

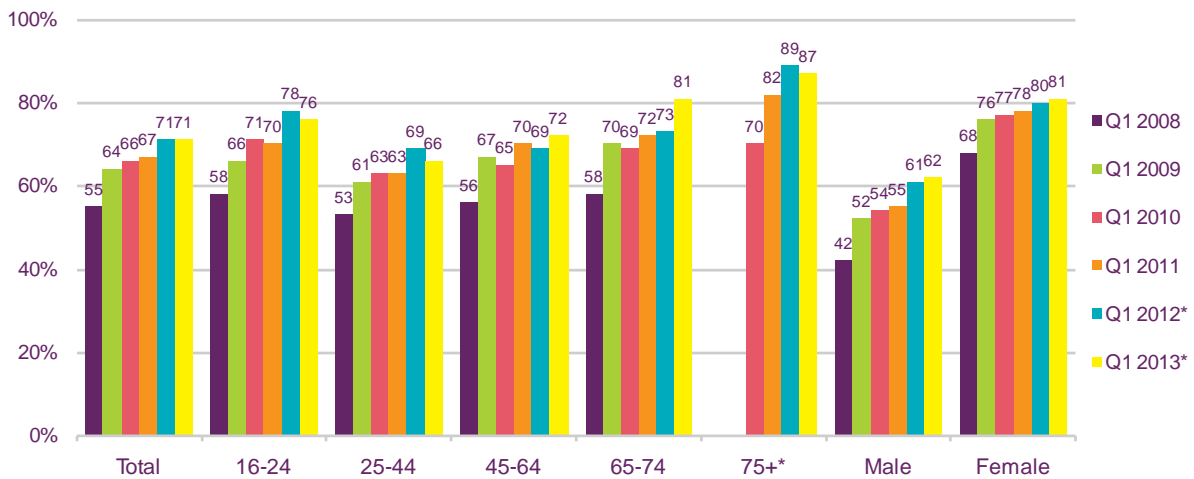
Base: All adults 16+ with broadband as their main connection at home (Q1 2008, 3219) (Q1 2009, 3702) (Q1 2010, 5941) (Q1 2011, 2481) (Q1 2012, 2726) (Q1 2013, 2548)

*Note: Data for 2008-2011 based on all adults aged 16+ with broadband as their main connection at home; data for 2012-2013 based on all adults aged 16+ who use broadband to connect to the internet at home

Older broadband customers, aged 65 and over, remain less likely to be aware of their connection speed. The proportion of broadband customers aged 75+ unaware of their connection speed stands at 87% (Figure 45).

While there was little difference in stated awareness of broadband connection speeds across other age groups, those aged 25-44 were more likely to know their connection speed (34% vs. 29% of all adults). Younger consumers (16-24) were almost as likely as older consumers (65-74) to say they did not know their internet connection speed (76% aged 16-24, 81% aged 65-74) (Figure 45). The lack of awareness in this younger age group may be due to these consumers not being the decision-maker (i.e. the person responsible for purchasing the service) in the household. There was however, a clear gender divide, with men significantly more likely than women to know their connection speed.

Figure 45 Those unaware of broadband connection speed, by age and gender



*Base size for 75+ adults in 2008 and 2009 too low for reporting

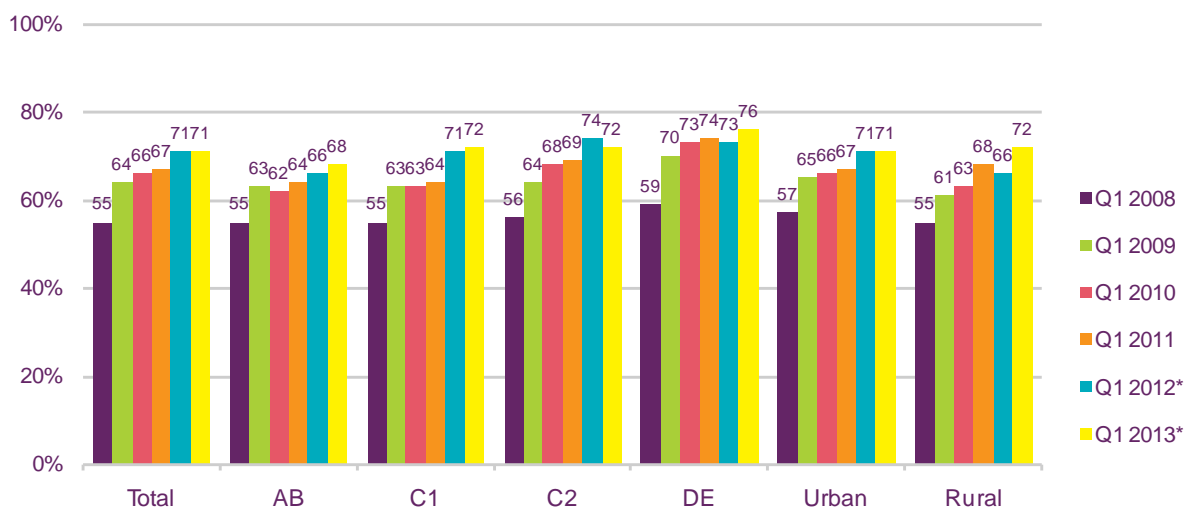
Source: Ofcom communications tracking survey

Base: All adults 16+ with broadband as their main connection (Q1 2008, 3209) (Q1 2009, 3702) (Q1 2010, 5941) (Q1 2011, 2481) (Q1 2012, 2726) (Q1 2013, 2548)

*Note: Data for 2008-2011 based on all adults aged 16+ with broadband as their main connection at home; data for 2012-13 based on all adults aged 16+ who use broadband to connect to the internet at home

Those in DE socio-economic groups were more likely to be unaware of their broadband connection speed than were ABs (76% vs. 68%) (Figure 46). Unlike in 2012, consumers in urban locations were not more likely to be unaware of broadband connection speed than those in rural locations.

Figure 46 Those unaware of broadband connection speed, by socio-economic group and urbanity



Source: Ofcom communications tracking survey

Base: All adults 16+ with broadband as their main connection (Q1 2008, 3209) (Q1 2009, 3702) (Q1 2010, 5941) (Q1 2011, 2481) (Q1 2012, 2726) (Q1 2013, 2548)

*Note: Data for 2008-2011 based on all adults aged 16+ with broadband as their main connection at home; data for 2012-13 based on all adults aged 16+ who use broadband to connect to the internet at home

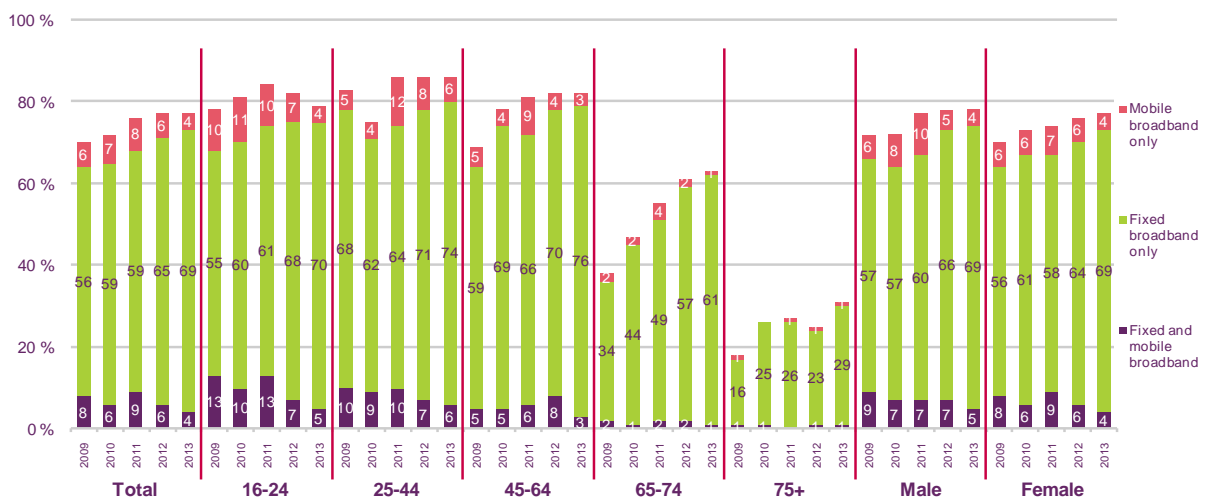
6.2.9 Take-up of broadband at home has stabilised in the UK, although there has been a decline in mobile broadband

Take-up of broadband as a method of internet connection at home is stable since 2012, and now 78% of households use either fixed and/or mobile broadband³⁸. Use of fixed broadband has not changed significantly, with 74% of adults using a fixed connection, this includes 4% also using mobile broadband. Total use of mobile broadband has fallen for the second consecutive year, from 17% in 2011 to 12% in 2012 and 8% in 2013 (Figure 47). The decline is noted among those with only a mobile broadband connection (down to 4% from 6% in 2012) and those with both mobile and fixed broadband, also down to 4% from 6% in 2012.

Overall, broadband access, through fixed and/ or mobile broadband, has not changed significantly for any age group or gender since 2012. Younger age groups continue to dominate ownership of broadband, while the over-75s remain the least-likely group to have broadband access at home, and also the least likely to own any connected device.

While mobile broadband continues to be most popular among younger age groups, there has been a decline in use of mobile broadband among 16-24s and 25-44s, where use fell from 14% to 9% and 15% to 12% respectively.

Figure 47 Age and gender profile of those who have broadband access at home



Source: Ofcom communications tracking survey

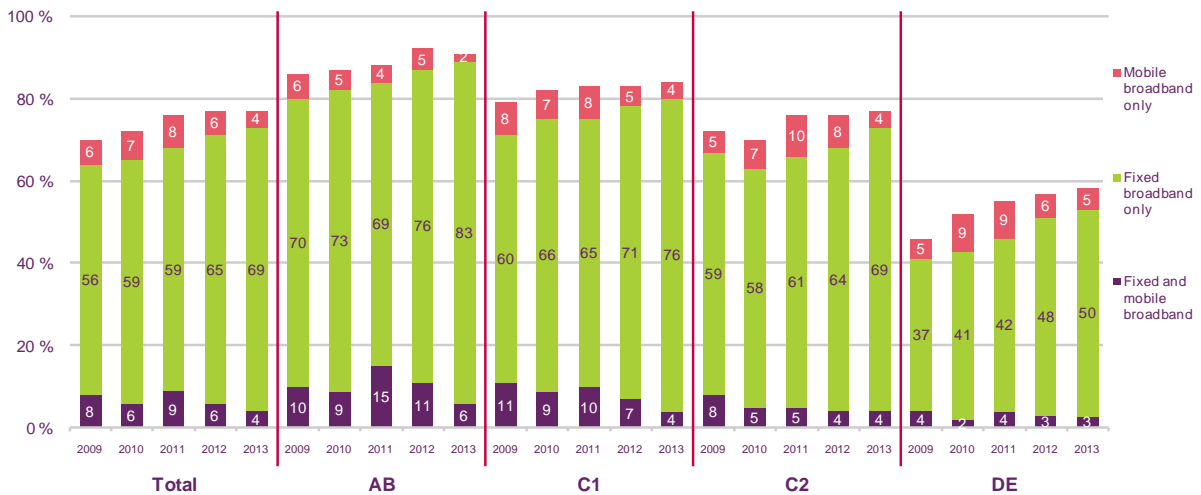
Base: All adults 16+ (Q2 2009, 2085) (Q2 2010, 2106) (Q2 2011, 2862) (Q2 2012, 2893) (Q2 2013, 2879)

QE9. Which of these methods does your household use to connect to the internet at home?

Overall, as with device ownership, broadband access levels, particularly for fixed broadband, are higher among ABC1s. Broadband access through either fixed and/ or mobile platforms has not changed significantly for any socio-economic group since 2012.

³⁸ Note to participants in *Ofcom's Technology Tracker* defining mobile broadband: In addition to standard home fixed broadband connections, you can access broadband services on your PC or laptop using a mobile network. You plug in a USB modem stick sometimes called a 'dongle' or use a SIM card in your tablet or PC and you can then access broadband internet services 'on the move' using a mobile network.

Figure 48 Socio-economic profile of those who have broadband access at home

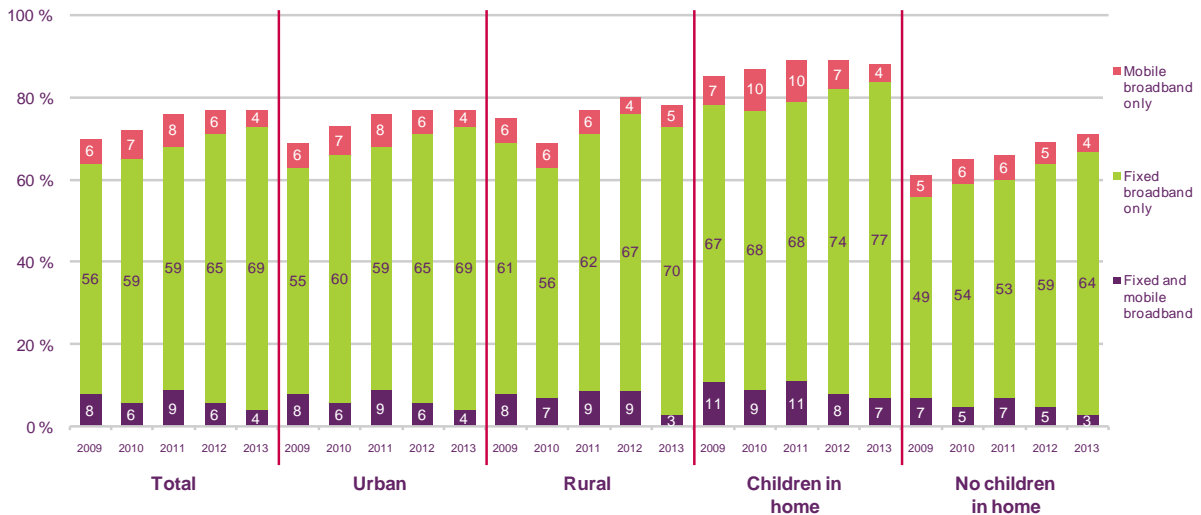


Source: Ofcom communications tracking survey,
 Base: All adults 16+ (Q2 2009, 2085) (Q2 2010, 2106) (Q2 2011, 2862) (Q2 2012, 2893) (Q2 2013, 2879)

QE9. Which of these methods does your household use to connect to the internet at home?

Broadband access does not differ between those in urban/ rural locations (77% urban, 79% rural), but levels are higher among households with children (88% with children in the home, 70% without children in the home).

Figure 49 Urbanity and presence of children in the household profiles of those who have broadband access at home



Source: Ofcom communications tracking survey,
 Base: All adults 16+ (Q2 2009, 2085) (Q2 2010, 2106) (Q2 2011, 2862) (Q2 2012, 2893) (Q2 2013, 2879)

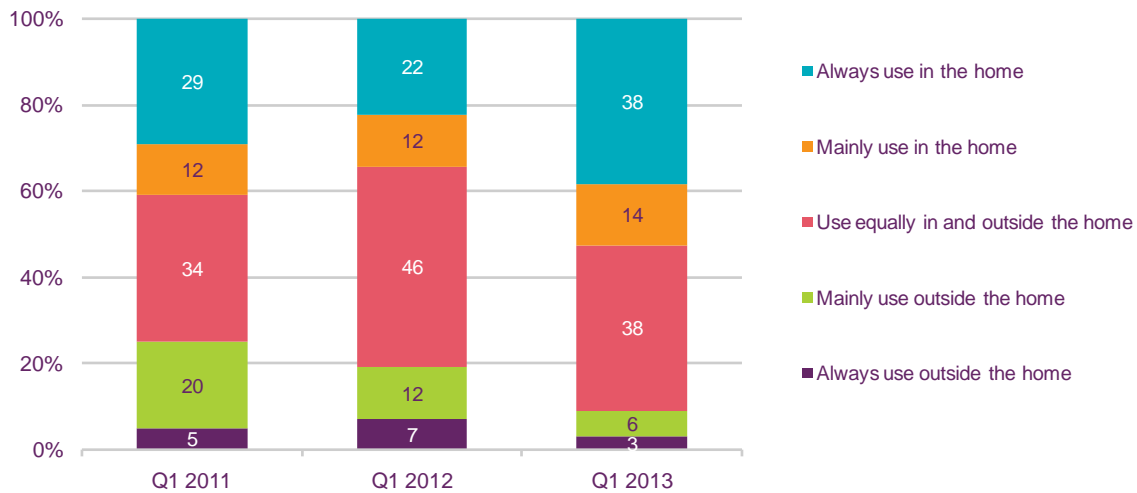
QE9. Which of these methods does your household use to connect to the internet at home?

6.2.10 Half of mobile broadband users use the service mainly, or always, in the home

Despite the ‘mobile’ functionality of mobile broadband, large amounts of use continues to take place in the home; 95% of adults with mobile broadband say they use it at home. In 2013 there was a significant decrease in the number of consumers who ever used mobile

broadband outside the home (60% vs. 77%) and an increase in those who only used mobile broadband in the home (38% vs. 22%). There is no statistically significant change in those using mobile broadband equally in and outside the home (46% vs. 38%) (Figure 50).

Figure 50 Places where mobile broadband is used



Source: Ofcom communications tracking survey

Base: All adults 16+ who use mobile broadband to access the internet (Q1 2011, 471) (Q1 2012, 394) (Q1 2013, 173)

QE22C. Which one of these best describes where you use mobile broadband to access the internet?

6.2.11 Broadband ownership has increased internationally since 2007, with the UK comparing favourably to other countries

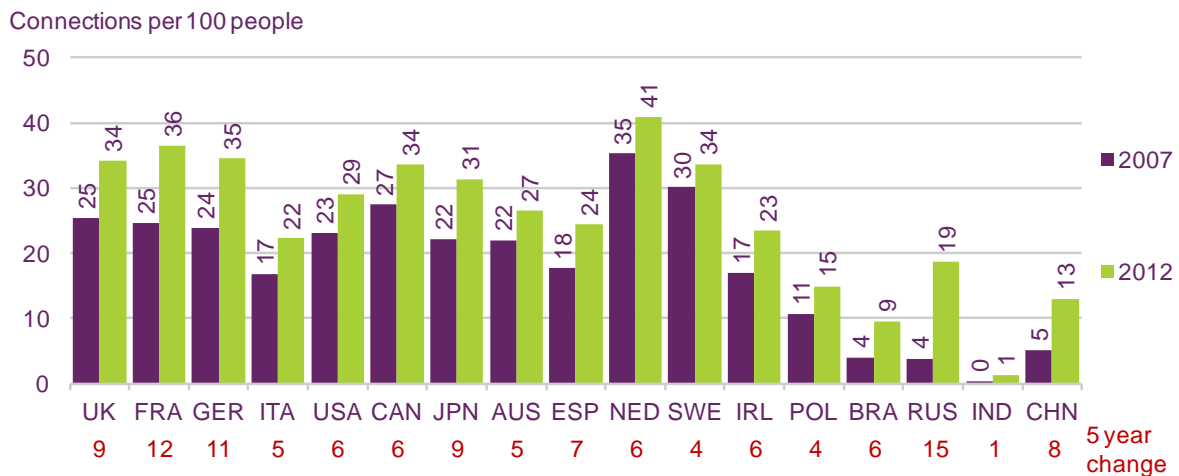
Figure 51 compares the number of fixed broadband connections per 100 people in the UK with take-up in other countries. The number of fixed broadband connections per 100 people increased in all of the countries for which data were available in the five years to 2012, with the increase during this period ranging from one connection in India (where take-up was lowest in 2012 due to relatively low GDP per capita, poor fixed-line infrastructure and a fast-growing mobile infrastructure) to 15 connections in Russia.

The Netherlands had the highest take-up at the end of 2012, at 41 connections per 100 people. The high population density in the Netherlands makes the deployment of fixed broadband services relatively cheap, and 95% of households are able to receive cable broadband services, which are keenly priced. In the UK, there were 34 fixed broadband connections per 100 people at the end of 2012, the joint fourth highest figure (along with Sweden and Canada) and lower than in the Netherlands, France (with 36 connections per 100 people) and Germany (35 per 100). The comparatively high level of fixed broadband take-up in the UK reflects high availability (almost all UK premises are able to receive ADSL broadband services) and low fixed broadband pricing, particularly when bought as part of a bundle.

The UK also has high availability of superfast broadband services (i.e. those with a headline speeds of 'up to' 30Mbit/s or higher), and by June 2013 73% of UK premises were in a postcode that was served by the next generation access (NGA) networks that are used to

provide superfast services.³⁹ By the end of 2012 15% of UK fixed broadband connections were superfast, the highest proportion among the EU5 countries.⁴⁰

Figure 51 Take-up of fixed broadband, by country



Source: IDATE / Ofcom

6.2.12 Four in five consumers now access the internet either at home or elsewhere

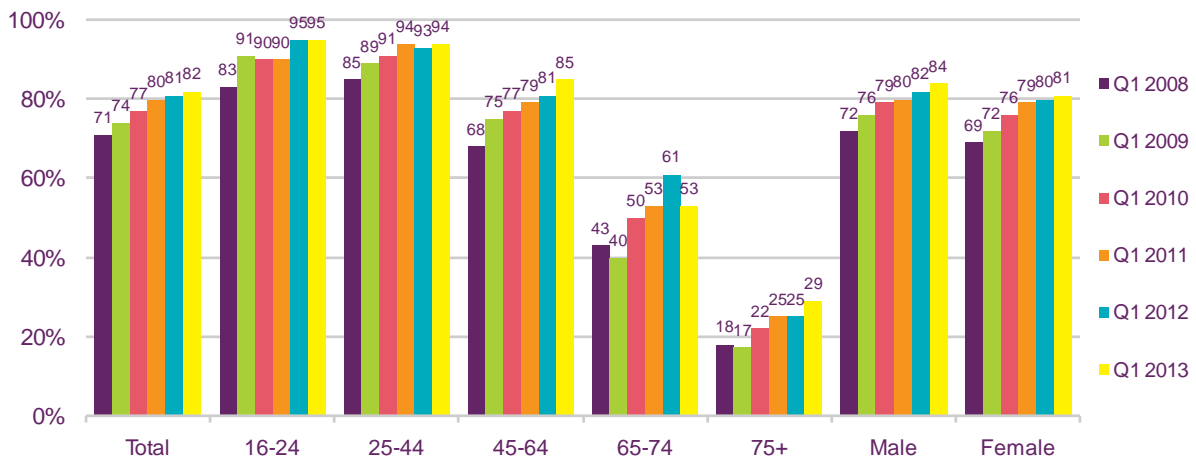
The second method of assessing internet access is to look at the proportion of adults who use the internet in any location.

Figure 52 shows that use of the internet has remained stable at an overall level, at 82%. There has been just one significant rise since 2012: among those aged 45-64 (85% vs. 81% in 2012). Those aged 65-74, or 75 and over, remain less likely than the overall population to use the internet in any location, at 53% and 29% respectively.

³⁹ Ofcom 2013 Infrastructure Report Update: <http://stakeholders.ofcom.org.uk/market-data-research/other/telecoms-research/broadband-speeds/infrastructure-report-2013/>

⁴⁰ Ofcom's 2013 International Communications Market Report: <http://stakeholders.ofcom.org.uk/market-data-research/market-data/communications-market-reports/cmr13/international/>

Figure 52 Use of the internet anywhere, by age and gender



Source: Ofcom communication tracking survey

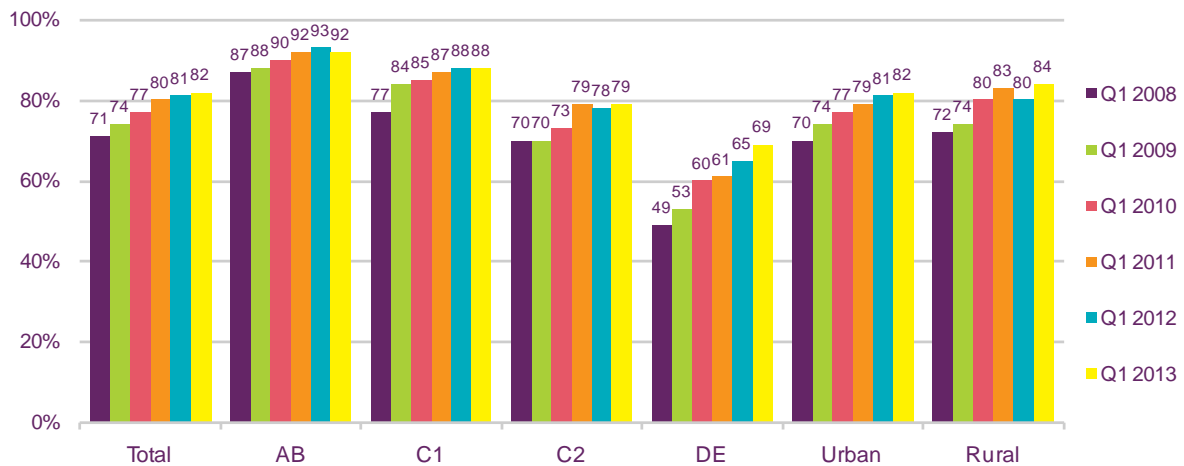
Base: All adults 16+ (Q1 2008, 5812) (Q1 2009, 6090) (Q1 2010, 9013) (Q1 2011, 3474) (Q1 2012, 3772) (Q1 2013, 3750)

QE2. Do you or does anyone in your household have access to the Internet/ World Wide Web at home? And do you personally use the internet at home?

IN6. Do you ever access the internet anywhere other than in your home at all?

Use of the internet anywhere, by socio-economic group and by urban / rural location, (Figure 53) remained stable, with no significant movements since 2012. Those in the AB group remain the most likely to use the internet anywhere (92%) and those in the DE group the least likely (69%).

Figure 53 Use of the internet anywhere, by socio-economic group and urbanity



Source: Ofcom communication tracking survey

Base: All adults 16+ (Q1 2008, 5812) (Q1 2009, 6090) (Q1 2010, 9013) (Q1 2011, 3474) (Q1 2012, 3772) (Q1 2013, 3750)

QE2. Do you or does anyone in your household have access to the Internet/ World Wide Web at home? And do you personally use the internet at home?

IN6. Do you ever access the internet anywhere other than in your home at all?

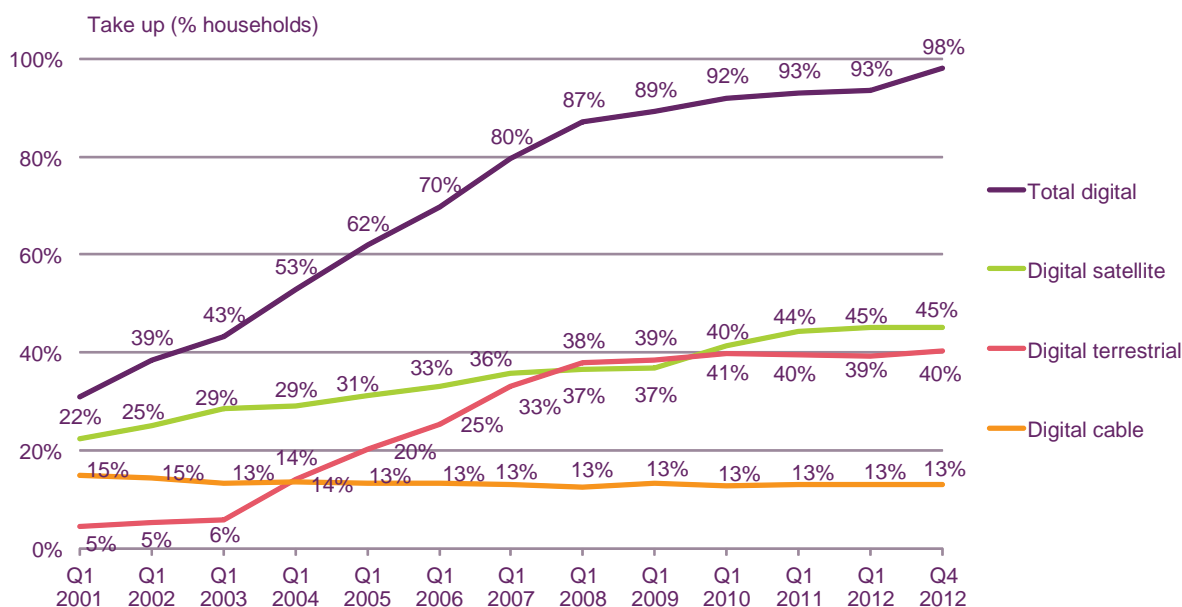
6.3 Digital broadcasting in detail

Digital switchover completed in the UK at the end of 2012, so we are no longer reporting demographic analysis of digital TV take-up, although in this section we will continue to look at the different platforms.

6.3.1 The UK leads the way in digital conversion and was one of only three countries to have 100% of all main TV sets receiving DTV in 2012

The chart below (Figure 54) shows results from GfK consumer research⁴¹. It highlights the continued growth of digital TV take-up, which is currently at 98% of households. The remaining 2% represents households without a working television. Take-up has risen consistently year on year since 2001, and although this increase slowed in 2011, it increased by a further 5% in 2012 as the digital switchover from analogue terrestrial was completed. The previous growth was driven by the increase in digital terrestrial (Freeview) penetration, which has remained stable since 2010. Satellite ownership has remained at just over four in ten since 2011, while cable has also remained steady at 13% since 2003.

Figure 54 Take-up of digital TV services, by platform



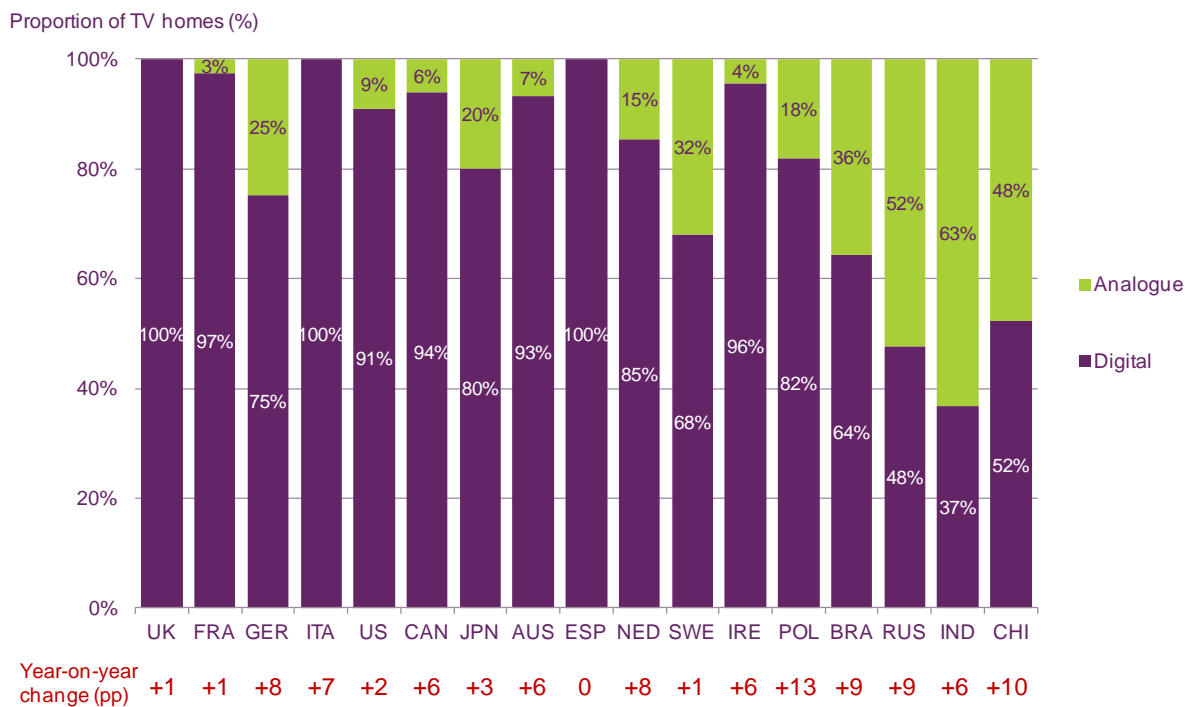
Source: Ofcom *Digital Television Update*, figures rounded up to a whole %. Ofcom / GfK NOP consumer research from Q1 2007. Sample GB only. Previous quarters include subscriber data and Ofcom estimates for digital terrestrial and free-to-view satellite.

Note: 1% of GB homes do not have a working television and 1% use their main TV only for gaming or DVDs and do not receive a TV signal.

Among TV households, the UK leads the way in digital conversion and was one of only three countries to have 100% of all main TV sets receiving DTV in 2012 (Figure 55). Spain reached full conversion in 2011, and since Italy's switchover in 2012, the remaining 7% of analogue households have also converted to digital.

⁴¹ GfK consumer research is based on a panel of 12,000 households in Great Britain (not including Northern Ireland) surveyed quarterly via the internet and telephone.

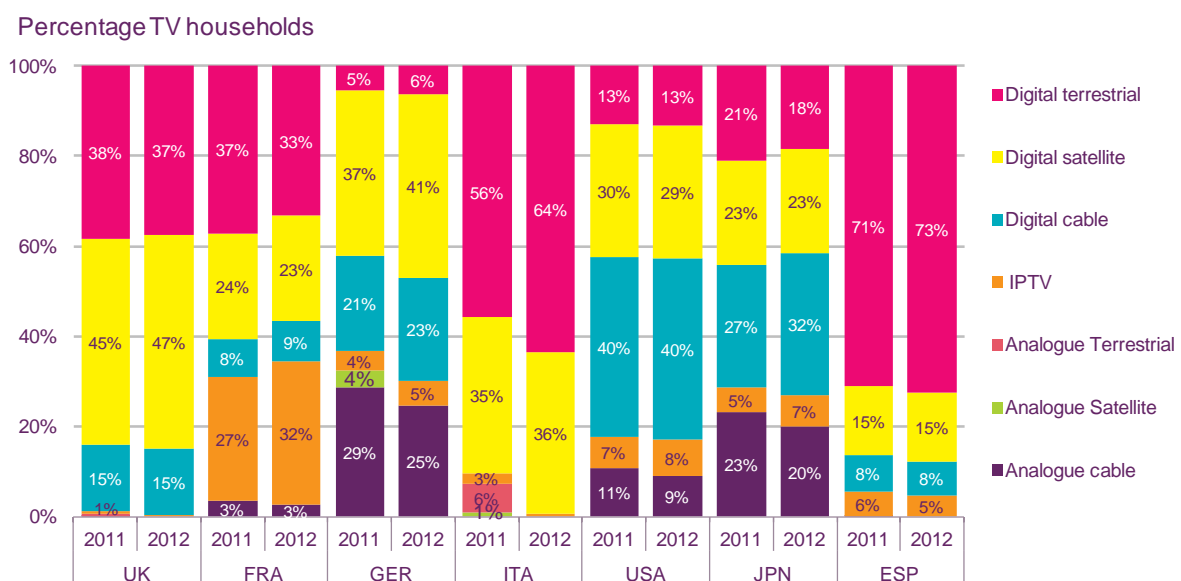
Figure 55 Take-up of digital television, by country: 2012



Source: IDATE / industry data / Ofcom

Figure 56 shows that digital satellite is the largest platform in the UK, with 47% of TV households using it on their main television set at the end of 2012. Digital terrestrial (37%) is the second most popular television platform, and take-up is higher than in any other comparator country except Spain (73%) and Italy (64%). Digital cable services are received in 15% of households in the UK, and unlike some comparator countries, the upgrade from analogue to digital cable is virtually complete. However, the UK has comparatively low take-up of internet protocol TV (IPTV).

Figure 56 Take-up of digital television: international comparisons, by platform, 2012



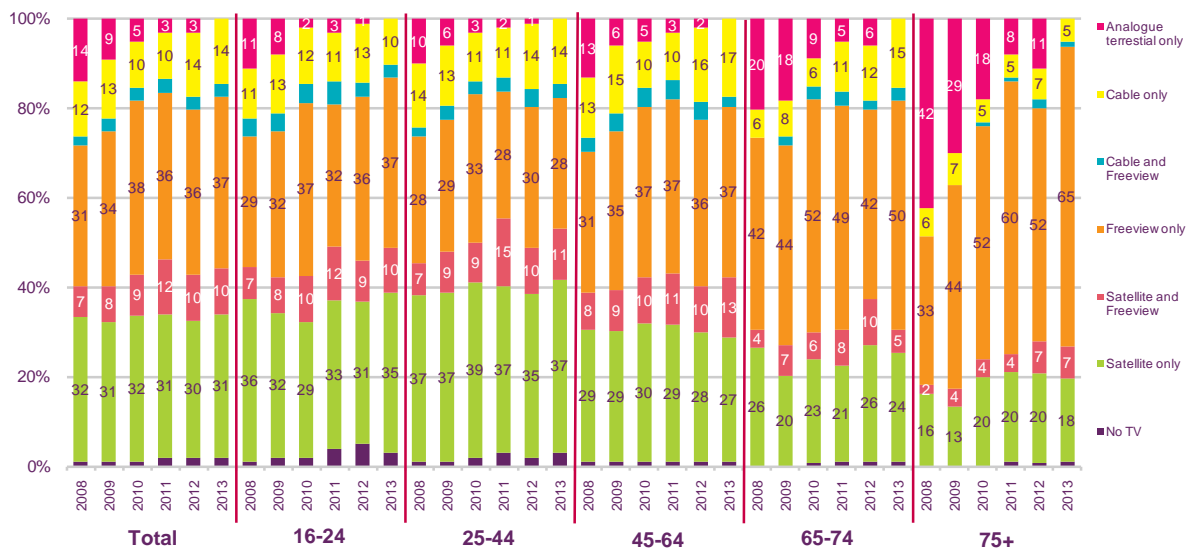
Source: IDATE / industry data / Ofcom

6.3.2 Around half of UK adults access multi-channel television at home through Freeview

Figure 56, above, shows household data provided by industry. It is not possible to derive demographic information from these data, so consumer data are used in the following figures. Penetration figures differ between the two data sources, as one is by subscription (industry) and the other is claimed (survey figures).

The digital switchover process completed in October 2012: it is no longer possible to receive an analogue TV signal in the UK. Figure 57 shows that the profile of multi-platform ownership is relatively stable; with just under four in ten adults (37%) using Freeview only, just over three in ten using satellite only (31%) and 14% using only a cable service. Older consumers, those aged 65 and over, remain more likely than younger consumers to use only Freeview. In 2013, there was an increase in Freeview-only ownership among consumers aged 75 and over (65% vs. 52%). There were no significant differences to the average trend by gender.

Figure 57 Trend in multi-platform ownership, by age



Source: Ofcom communications tracking survey

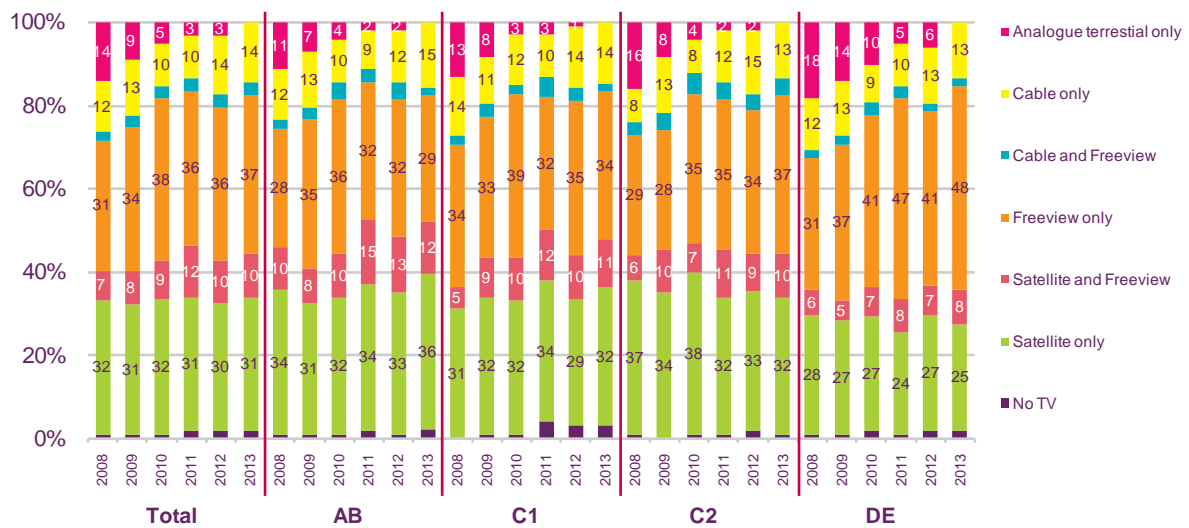
Base: All adults 16+ (Q2 2008, 2109) (Q2 2009, 2085) (Q2 2010, 2106) (Q2 2011, 2862) (Q2 2012, 2893) (Q2 2013, 2879)

QH1A. Which, if any, of these types of television does your household receive at the moment?

Note: Remaining percentages are those who own other types of TV (e.g. via broadband DSL)

The increase in take-up of digital TV among DE groups, following digital switchover, has resulted in an increase in those taking Freeview only (48% vs. 41%) (Figure 58).

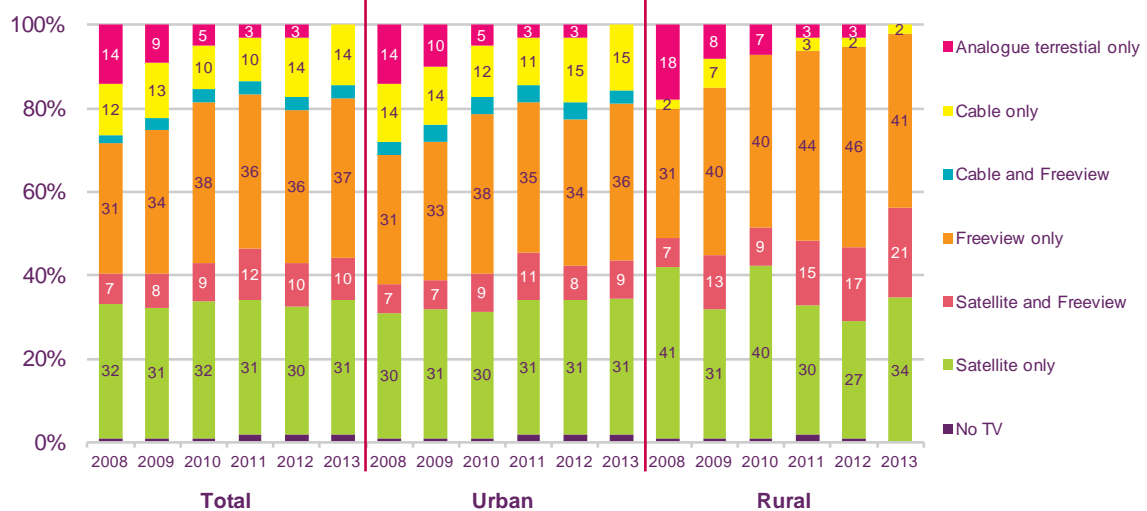
Figure 58 Trend in multi-platform ownership, by socio-economic group



Source: Ofcom communications tracking survey
 Base: All adults 16+ (Q2 2008, 2109) (Q2 2009, 2085) (Q2 2010, 2106) (Q2 2011, 2862) (Q2 2012, 2893) (Q2 2013, 2879)
 QH1A. Which, if any, of these types of television does your household receive at the moment?

Both rural and urban areas have seen an increase in multichannel ownership since 2008, driven by Freeview (Figure 59). Freeview ownership is higher among consumers in rural locations than among those in urban locations. Cable is used by only 2% of adults in rural areas, compared to 17% in urban areas. Since 2012, consumers in rural locations are more likely to use a satellite service (55% vs. 44%), while satellite ownership remains stable in urban locations (40%).

Figure 59 Trend in multi-platform ownership, by urbanity

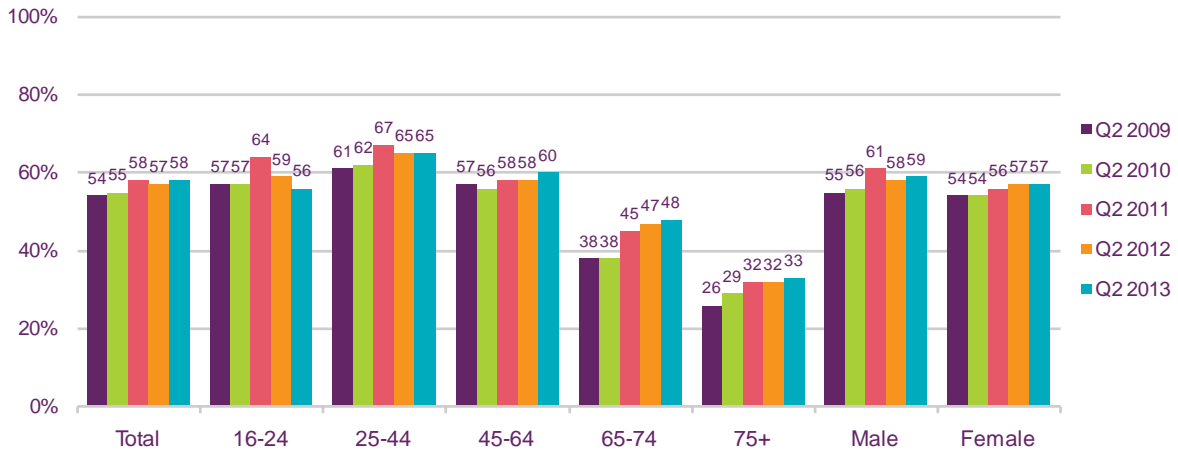


Source: Ofcom communications tracking survey
 Base: All adults 16+ (Q2 2008, 2109) (Q2 2009, 2085) (Q2 2010, 2106) (Q2 2011, 2862) (Q2 2012, 2893) (Q2 2013, 2879)
 QH1A. Which, if any, of these types of television does your household receive at the moment?

6.3.3 Take-up of pay TV stabilised

The proportion of adults receiving pay TV remained stable at 58% in 2013. Following the slight decline in take-up of pay TV for some age groups in 2012, take-up remained stable for all age groups in 2013. The overall pattern is unchanged; with those aged 64 and over less likely than those under 64 to have pay TV (Figure 60).

Figure 60 Age and gender profile of consumers receiving pay TV



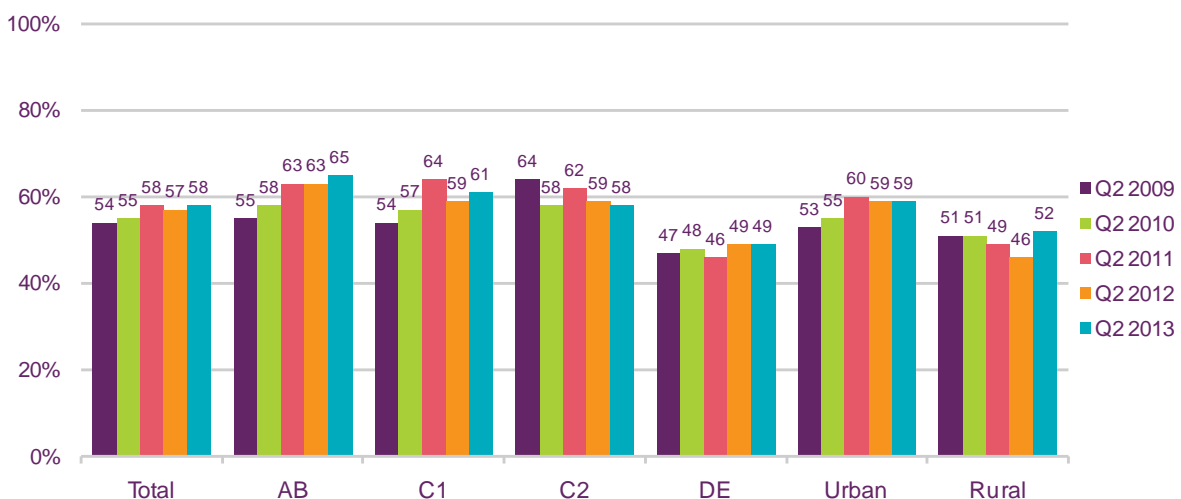
Source: Ofcom communication tracking survey

Base: All adults 16+ (Q2 2009, 2085) (Q2 2010, 2106) (Q2 2011, 2862) (Q2 2012, 2893) (Q2 2013, 2879)

QH1A. Which, if any, of these types of television does your household receive at the moment?

Take-up of pay TV was stable for each of the socio-economic groups in 2013, with consumers in the DE group remaining the least likely to receive paid-for channels (49%). Those in an urban location (59%) are more likely to receive pay TV than those in a rural location (52%), which is consistent with the higher use of cable TV in urban areas (Figure 61). The increase in take-up of pay TV in rural areas since 2012 is not significant.

Figure 61 Socio-economic group and urbanity profile of consumers receiving pay-TV



Source: Ofcom communication tracking survey

Base: All adults 16+ (Q2 2009, 2085) (Q2 2010, 2106) (Q2 2011, 2862) (Q2 2012, 2893) (Q2 2013, 2879)

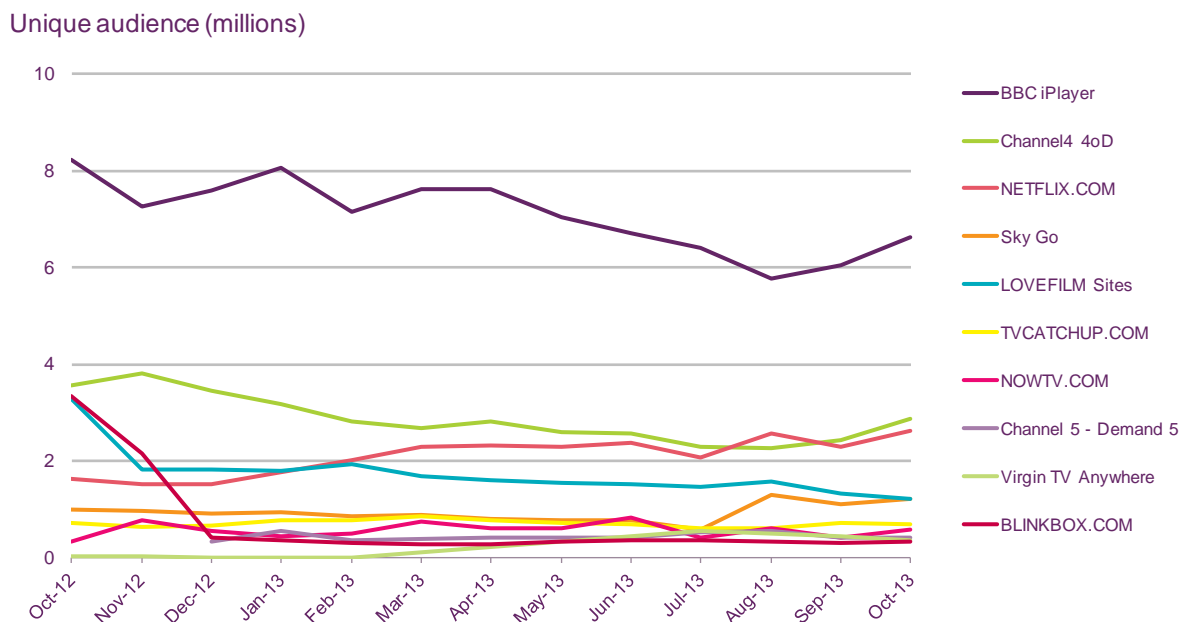
QH1A. Which, if any, of these types of television does your household receive at the moment?

6.3.4 BBC iPlayer was the most popular on-demand TV/film service accessed via a laptop or desktop computer

In October 2013, 6.6 million people visited the BBC iPlayer website, the most popular online television and film website, on a laptop or desktop computer (Figure 62). Channel 4's 4oD service was the second most popular (2.9 million unique visitors), followed by Netflix (2.6 million).

Despite their popularity, the unique audiences of BBC iPlayer and 4oD both declined in the year to October 2013, by 19%. By contrast, the unique audience of Netflix grew by 61% in the same period. The declining popularity of BBC iPlayer and 4oD on a laptop and desktop computer probably reflects a shift in the use of these services onto other devices such as tablets, smartphones and video-on-demand set-top boxes.

Figure 62 Unique audience for selected online film and TV sites on a laptop and desktop computer



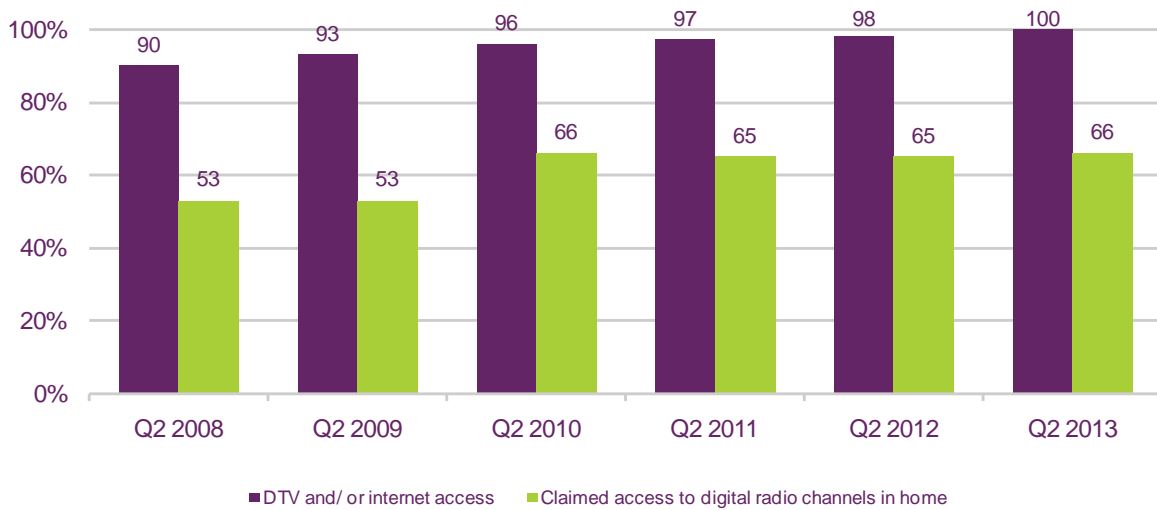
Source: comScore MMX, UK, home and work panel, October 2012 to October 2013, Persons 6+

6.3.5 All households now have access to digital radio, but only two-thirds are aware

Take-up of digital services that can deliver digital radio (i.e. digital TV and/or the internet) has increased to reach 100% of homes (Figure 63). Two-thirds (66%) of consumers claimed to have access to digital radio services at home (via DTV, internet or DAB radio set), as in 2012. This suggests that around a third of consumers are unaware that they have access to digital radio services at home, or are perhaps simply unaware that the radio services they have are 'digital'.

Households in the DE socio-economic group are the least likely to say they can access digital radio services in the home (53%), and households in the AB socio-economic group are the most likely to say they can do so (79%).

Figure 63 Access to digital radio services in the home

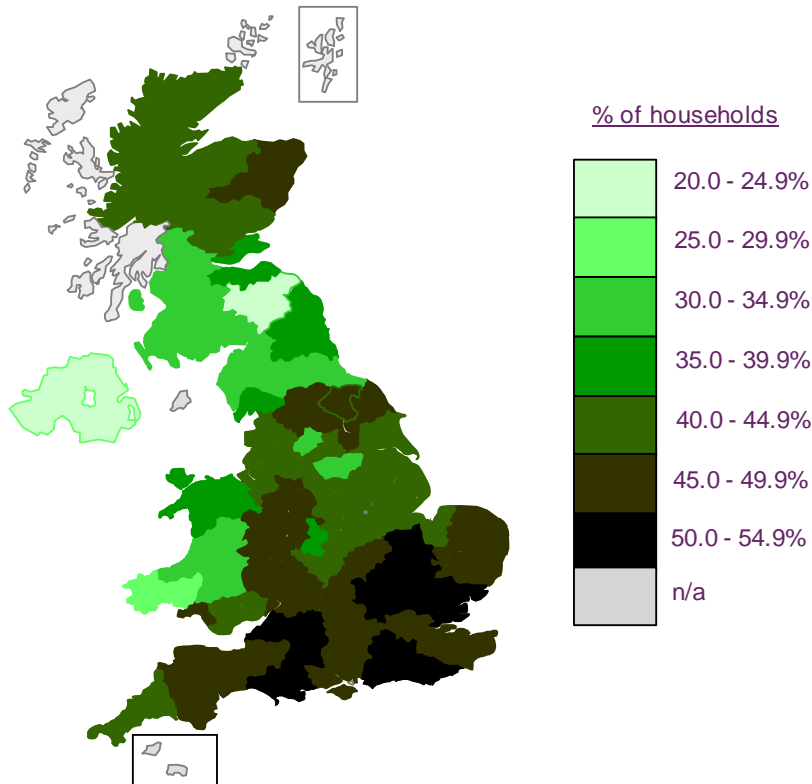


Source: Ofcom communication tracking survey

Base: All adults 16+ (Q2 2008, 2109) (Q2 2009, 2085) (Q2 2010, 2106) (Q2 2011, 2862) (Q2 2012, 2893) (Q2 2013, 2879)

DAB set take-up varies across the UK, as Figure 64 shows. DAB set take-up is highest in south-east England generally, and particularly in Surrey (54.4%), Salisbury (53.5%) and Sussex (53.4%). Set ownership is lowest in the Scottish Borders (18.1%) and Northern Ireland (24.3%), where the choice of stations on DAB is less than average.

Figure 64 Take up of DAB digital radio sets, by multiplex area



Source: RAJAR, Q2 2013

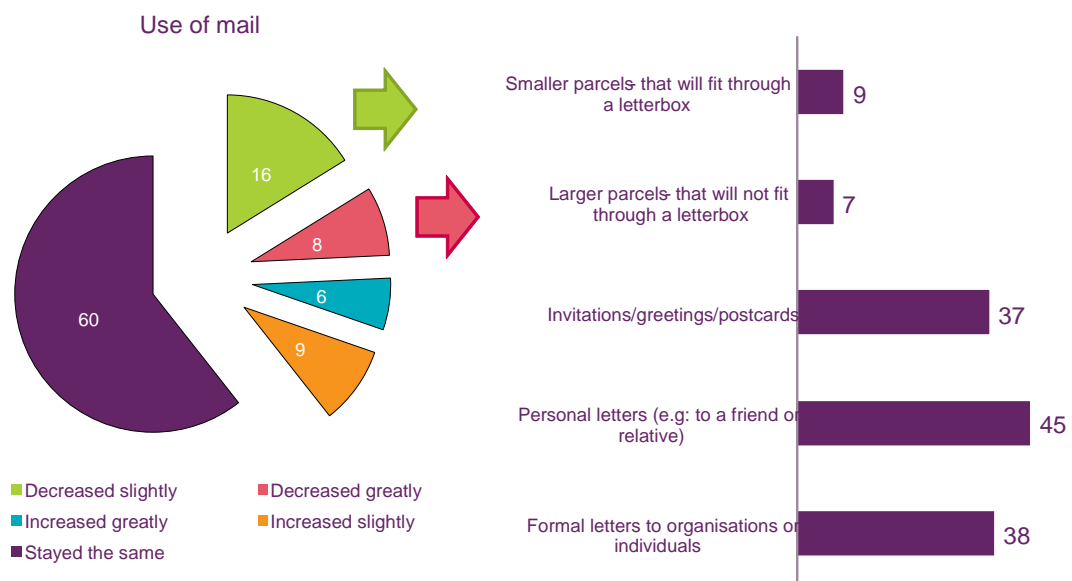
Note: this map is based on analysis which uses the total survey area of the individual station that best represents the coverage area of each digital multiplex.

6.4 Residential postal users in detail

6.4.1 A quarter of adults claimed that their use of the postal service has decreased in the past two years, compared to 15% who claimed their use has increased in the same period

Just under a quarter of adults (24%) claimed that their use of post had decreased in the past two years. Of those who said this, 45% stated they were sending fewer personal letters; this was followed by just under two in five claiming to send fewer formal letters to organisations and individuals (38%) and invitations, greetings and postcards (37%).

Figure 65 Decrease in postal use/ fewer items being sent by post than two years ago

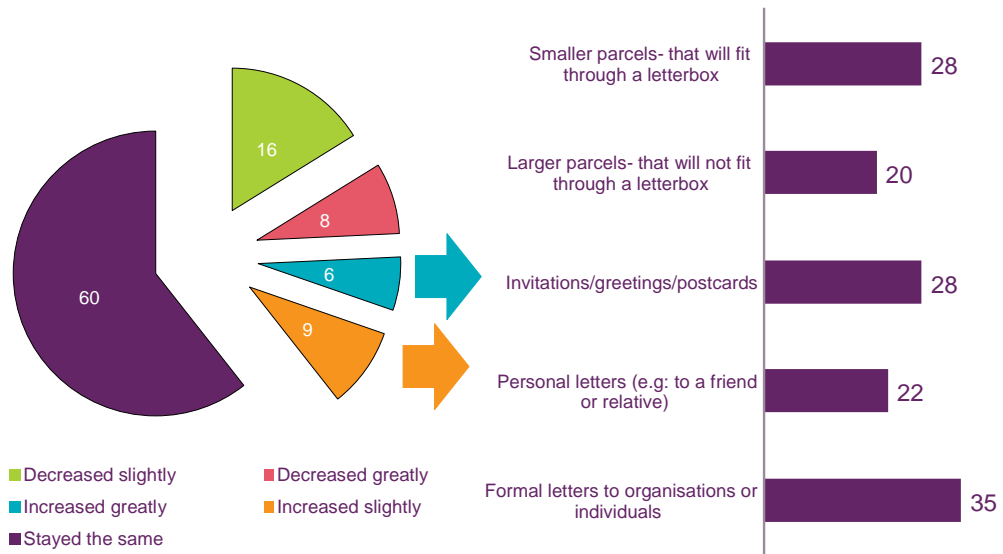


Source: Ofcom post tracking survey

Base: All adults 16+ (4844)

Fifteen per cent of adults stated they now sent more items than in the past two years, of whom around a third (35%) claimed they were sending more formal letters, one in five (22%) said they were sending more personal letters and 28% claimed they were sending more invitations/greetings and postcards.

Figure 66 Increase in postal use/ more items being sent by post than two years ago



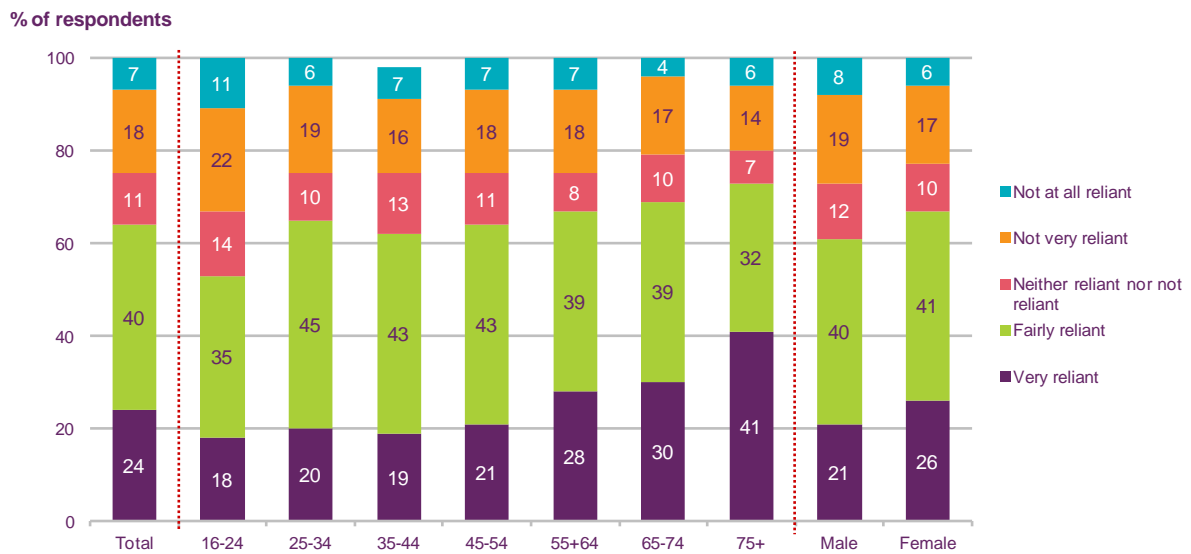
Source: Ofcom post tracking survey
 Base: All adults 16+ (4844)

6.4.2 Just under two-thirds of postal users claim to be reliant on the postal service

Regardless of how frequently people are using post, there is evidence that consumers remain reliant on postal services as a means of communication. Just under two-thirds (64%) stated they were either ‘very’ or ‘fairly’ reliant on the postal service. Furthermore, half (51%) said that they would feel cut off from society if they could not send or receive post.

Figure 67 illustrates consumers’ stated reliance on post as a way of communicating. Levels of reliance on the postal service increased with age, particularly the proportion claiming to be ‘very reliant’, with 18% of 16-24 year olds stating they were ‘very reliant’ on the postal service, compared to 30% of those aged 65-74 and 41% of those over 75 years old.

Figure 67 Reliance on post as a way of communicating, by age and gender



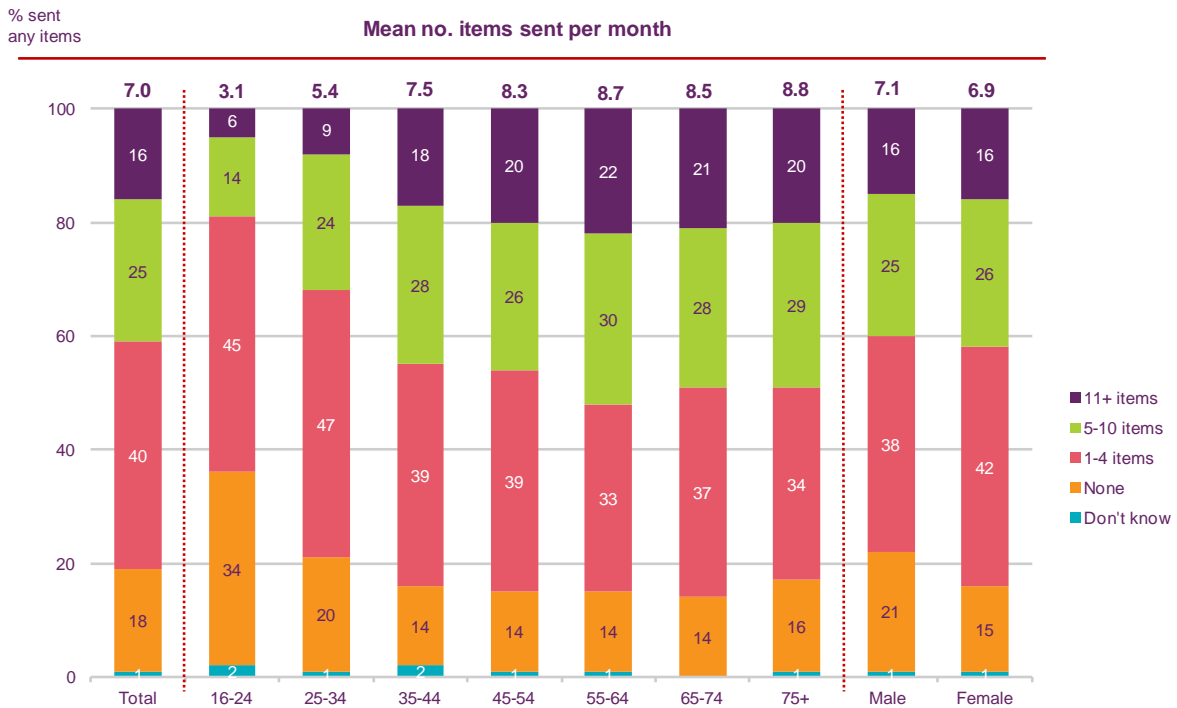
Source: Ofcom post tracking survey
 Base: All adults 16+ (4844)

6.4.3 Older consumers send the most post

As shown in Figure 68, consumers were asked how many items they had sent by post in the previous month. About four in five (81%) claimed to have sent at least one item, with a claimed average of seven items sent in the past month (this includes letters, cards and parcels). The claimed number of items sent increased with age; those aged over 75 sent on average 8.8 items, more than any other age group. Those aged between 16 and 24 sent significantly fewer (3.1 items) than any of the other age groups.

Overall, almost one-fifth (18%) of participants said they had not sent any items of post in the past month. This rises to a third (34%) of those aged 16-24.

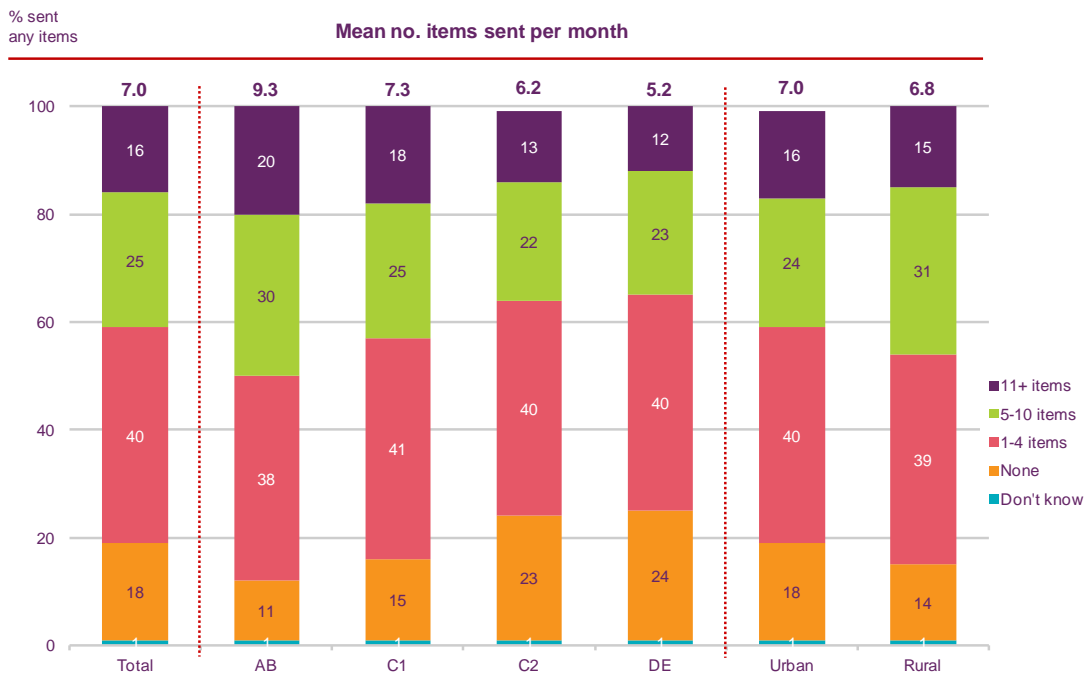
Figure 68 Claimed number of items of post sent in the past month, by age and gender



Source: Ofcom post tracking survey
 Base: All adults 16+ (4844)

Consumers in socio-economic group AB claimed to have sent an average of 9.3 items in the past month, compared to an average of 5.2 items for those in socio-economic group DE (Figure 69). There was no significant difference in the amount of post claimed to have been sent by people living in urban, or rural, areas.

Figure 69 Claimed number of items of post sent in the past month, by socio-economic group and urbanity

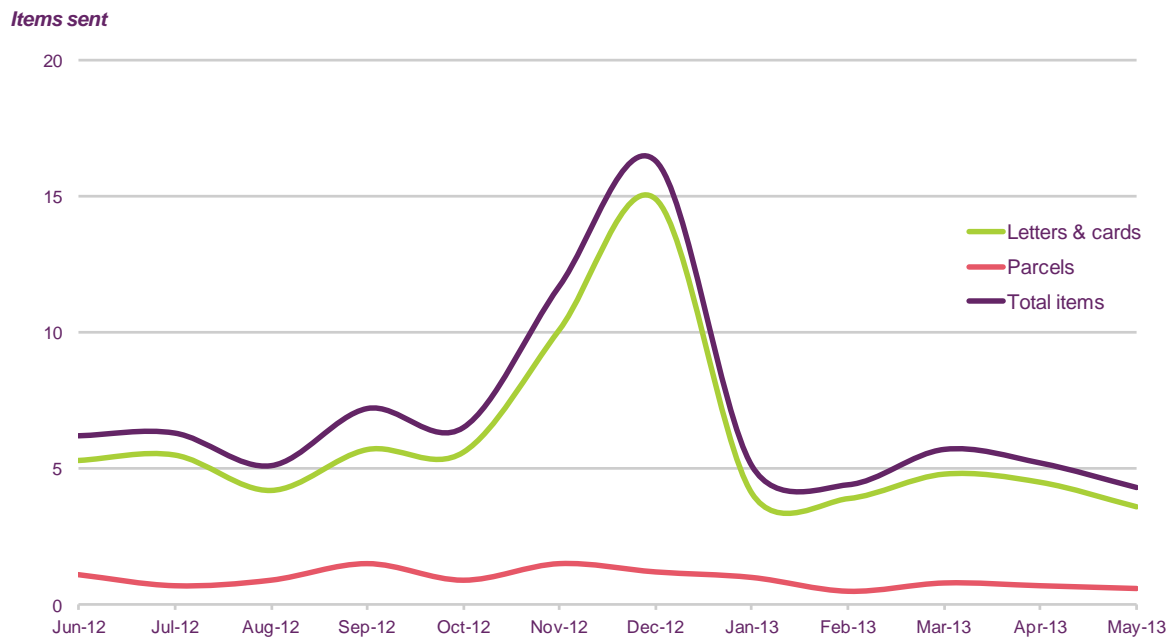


Source: Ofcom post tracking survey
 Base: All adults 16+ (4844)

6.4.4 There is a seasonal spike in the number of items sent, and postal spend

As Figure 70 shows, there is a sharp rise in the number of items sent in November (an average of 12 items) and December (an average of 16 items). This increase can be accounted for by the seasonal post sent during the Christmas period, when consumers are sending greetings cards and presents. The volume of parcels and packets sent remained relatively flat through the year and made no significant contribution to the spike during December and January.

Figure 70 Claimed average number of items of post sent, by type of item sent: by month



Source: Ofcom post tracking survey

Base: All adults 16+ (4844).

QC1. Approximately how many items of post – including letters, cards and parcels – have you personally sent in the last month?

QC2. And how many of these items sent in the last month were parcels rather than letters or cards?

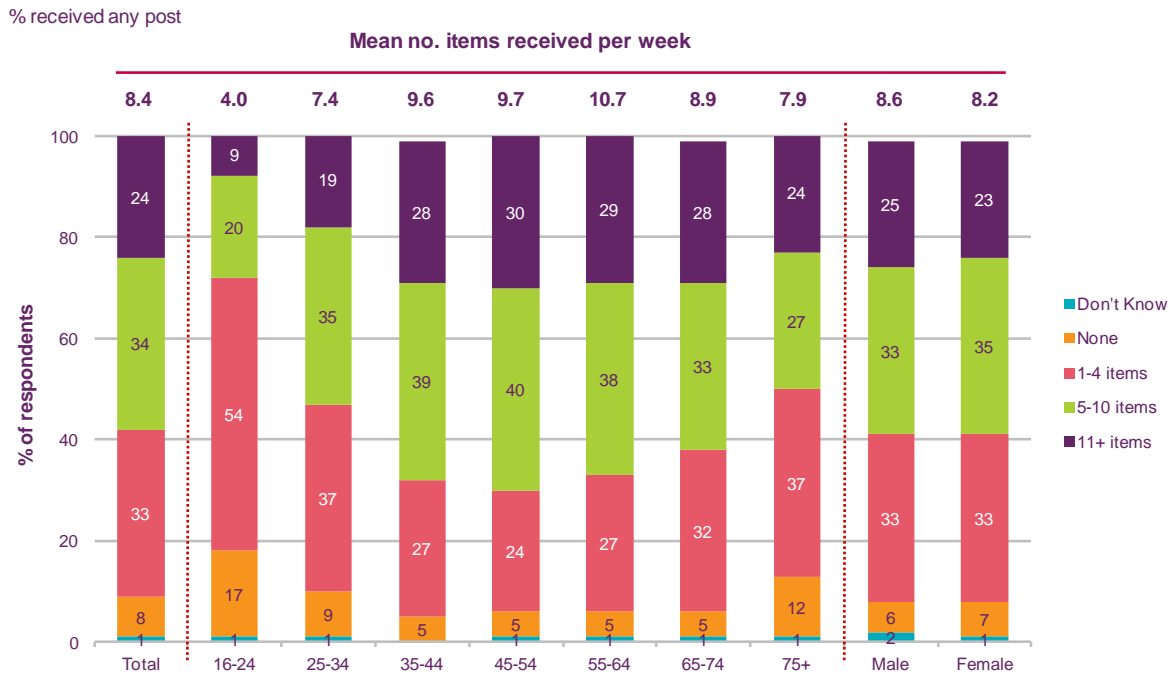
6.4.5 Residential consumers receive more post than they send in a month

Given that consumers tend to receive more mail than they send, the following analysis is based on mail received ‘in the past week’ as opposed to the amount sent ‘in the past month’, as reported above.

Figure 71 shows that the average consumer claimed to have received 8.4 items of post in the past week, with more than nine in ten (91%) claiming to have received at least one item in the past week. This equates to an average of about 36 items received in the previous month.

Twenty-four per cent of all adults claimed to have received over ten items of post in the past week. Those aged 16-24 claimed to receive less post, on average, than those in other age groups (4.0 items in the past week), whereas those in the 55-64 age group claimed to receive the most post, with an average of 10.7 items received in the past week.

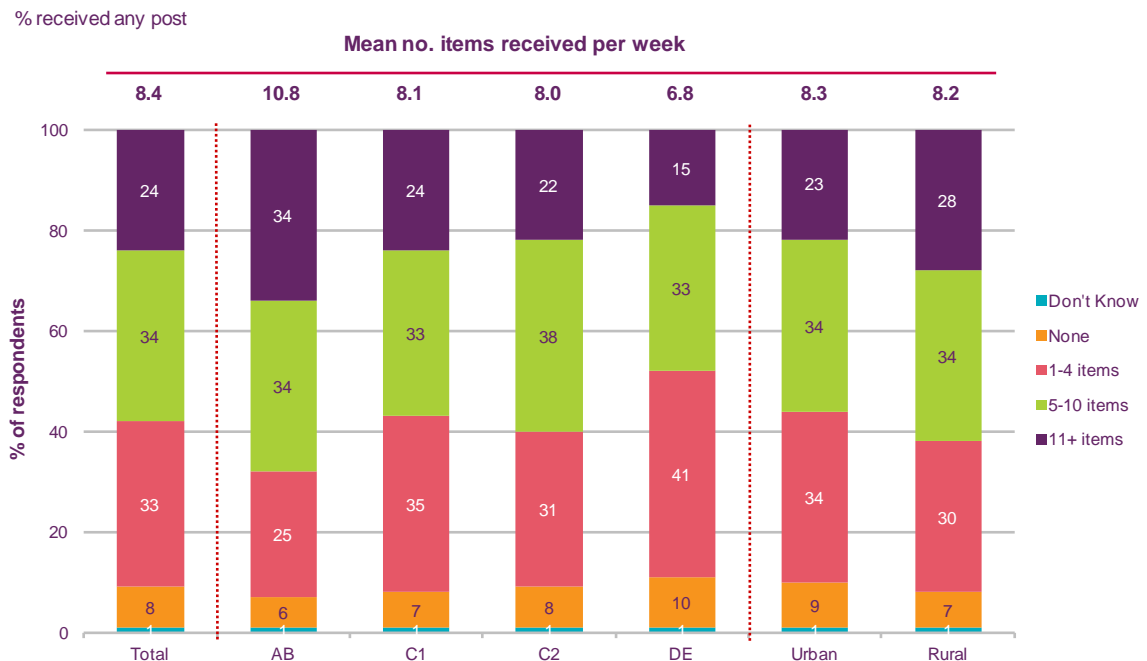
Figure 71 Claimed number of items received in past week, by age and gender



Source: Ofcom post tracking survey
 Base: All adults 16+ (4844)

Consumers in socio-economic group AB claimed to receive significantly more post than those in DE households (10.8 vs. 6.8 items). There is no significant difference in the amount of post received by people living in urban and rural areas.

Figure 72 Claimed number of items received in past week, by socio-economic group and urbanity



Source: Ofcom post tracking survey
 Base: All adults 16+ (4844)

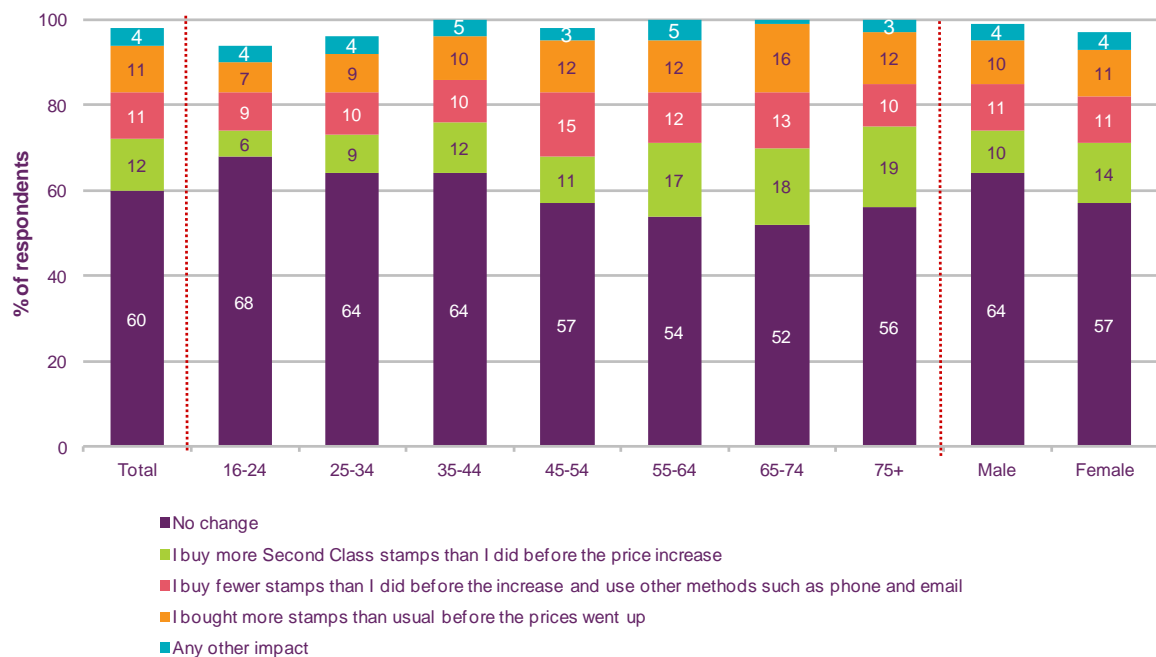
6.4.6 The price rises in April 2012 have had no impact on the behaviour of almost three in five residential postal consumers

As shown in Figure 73 below, when asked about their reaction to the rise in the price of First and Second Class stamps, three in five (60%) claimed that the rise had had no impact on their behaviour. The claimed impact of the price rise increased with age, with more than two-thirds (68%) of those aged 16-24 saying it had had no impact. This compares to just over half of those aged 55 to 64 (54%), of 65 to 74 year olds (52%) and those over 75 (56%).

Overall just over one in ten (12%) said they now bought more Second Class stamps than before the price rise. Those aged over 75 (19%) were the most likely to say they had done this.

Just over one in ten (11%) claimed that they bought more stamps than usual before the price went up. Those aged 65 to 74 (16%) were the most likely to say this, with those aged between 16 and 24 the least likely to have done this (7%).

Figure 73 Impact of rise in stamp prices in April 2012, by age and gender



Source: Ofcom post tracking survey

Base: All adults 16+ (4844)

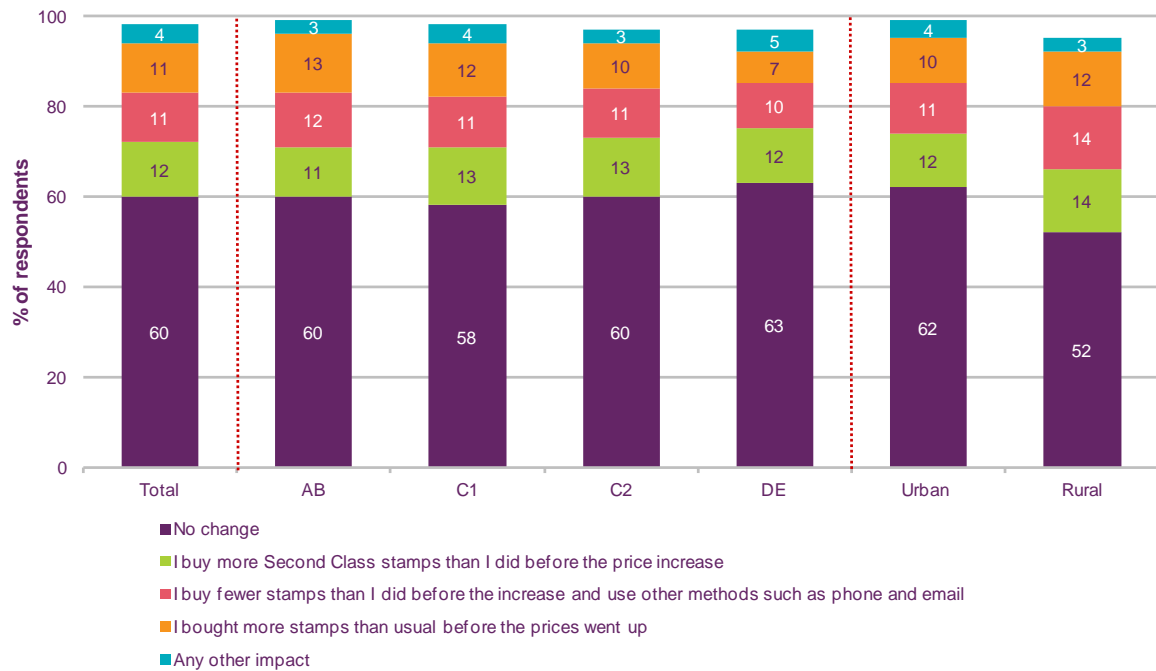
QF8: As you know the price of First and Second Class postage stamps increased on 30th of April 2012, which, of these statements best describes the impact if any of this rise on stamps you have bought since then? (Multicode)

Note: Totals do not add to 100% as 'don't know' responses are not shown on the chart.

6.4.7 The price rise had a greater impact on those living in rural areas than on those in urban areas

Fifty-two per cent of those living in a rural area claimed that the increase in the price of stamps had had no impact on their behaviour, compared to 62% of those living in an urban area. Among those in rural locations, 14% claimed that since the price rises they had bought fewer stamps than they did before the price rise, and now use other communication methods such as phone and email. This is significantly higher than in urban locations (Figure 74).

Figure 74 Impact of rise in stamp prices in April 2012, by socio-economic group and urbanity



Source: Ofcom post tracking survey

Base: All adults 16+ (4844)

QF8: As you know, the price of First and Second Class postage stamps increased on 30th April 2012. Which of these statements best describes the impact, if any, of this rise on stamps you have bought since then? (Multicode)

Note: Totals do not add to 100% as 'don't know' responses are not shown on the chart.

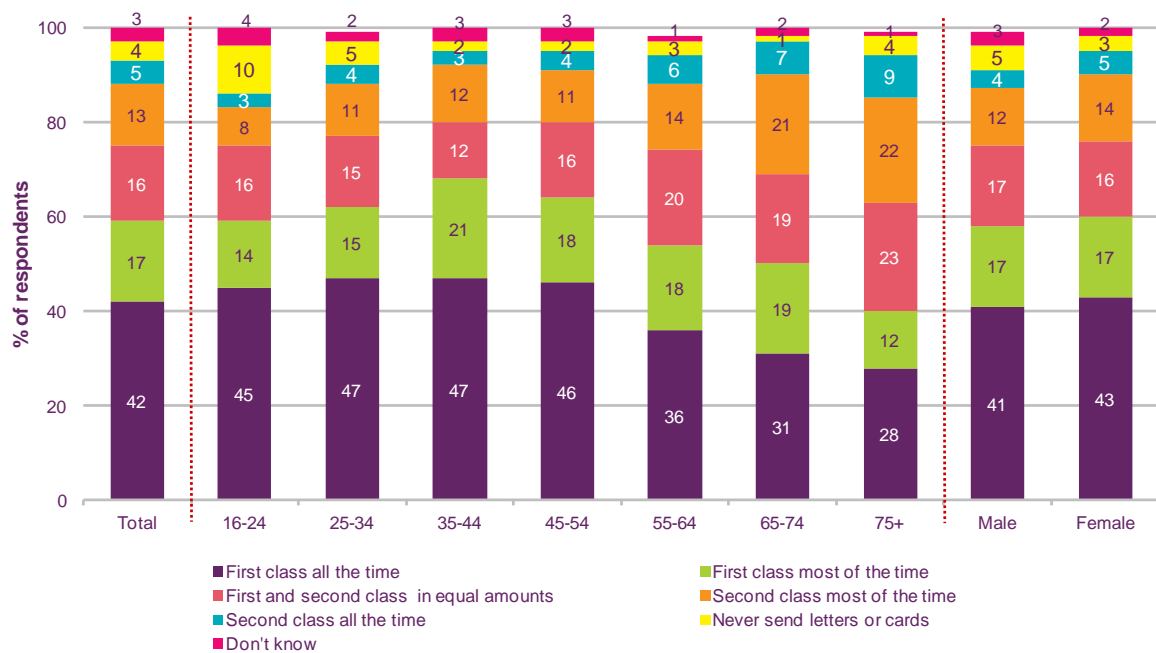
Data from Royal Mail indicates that the price rises in April 2012 may have had an impact on use of its First and Second Class products. In our *Annual monitoring update*⁴² on the postal market we include information on Royal Mail's volumes by product. This shows that the year-on-year fall in Second Class volumes were significantly less than the fall in First Class volumes for 2012-13. The rate of decline for Second Class single piece items also slowed considerably in 2012-13. Although this does suggest some switching from First Class to Second Class, it is more likely that it is businesses rather than consumers that are choosing Second Class products over First Class products. It is not possible to separate business use from consumer use in the industry data. Other research also indicates that the proportion of business mail in Second Class single piece products is higher than the comparative First Class products.

6.4.8 Older consumers are more likely than younger consumers to use Second Class

Three in five consumers (59%) said they bought First Class stamps all or most of the time, and just under one in five (18%) said they bought Second Class postage stamps all or most of the time. Second Class stamps are used most frequently by consumers aged over 75 (31%) (all consumers: 18%).

⁴² Ofcom, *Annual monitoring update on the postal market*, 22 November 2013
<http://stakeholders.ofcom.org.uk/post/monitoring-report-12-13>

Figure 75 Types of stamps used when sending letters or cards, by age and gender



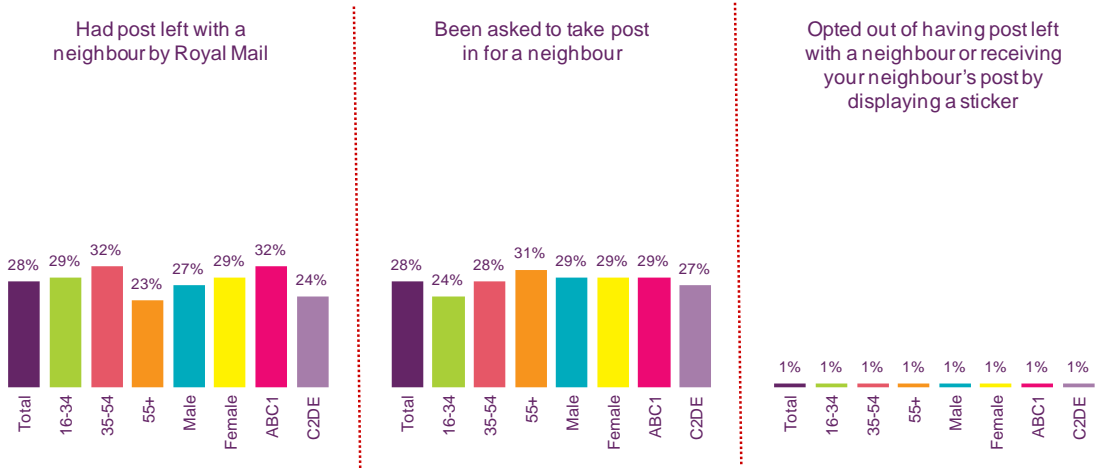
Source: Ofcom post tracking survey
 Base: All adults 16+ (4844)

6.4.9 A quarter of postal service users have experienced the ‘delivery to neighbour’ scheme

Following a trial in a number of cities, Royal Mail rolled out its ‘delivery to neighbour’ scheme across the UK in October 2012. Under this scheme, Royal Mail can leave some mail items with a neighbour in the event that the mail recipient is not at home at the time of the delivery attempt, although an addressee may choose to opt out of the scheme. The scheme was introduced to reduce the need for consumers to collect items from Royal Mail delivery offices or Post Offices, or for items to be re-delivered.

As Figure 76 illustrates, just over a quarter (28%) of consumers have experienced the ‘delivery to neighbour’ scheme in the last three months, with similar levels taking in post, or having post left with a neighbour.

Figure 76 Experience of ‘delivery to neighbour’, by age, gender and socio-economic group



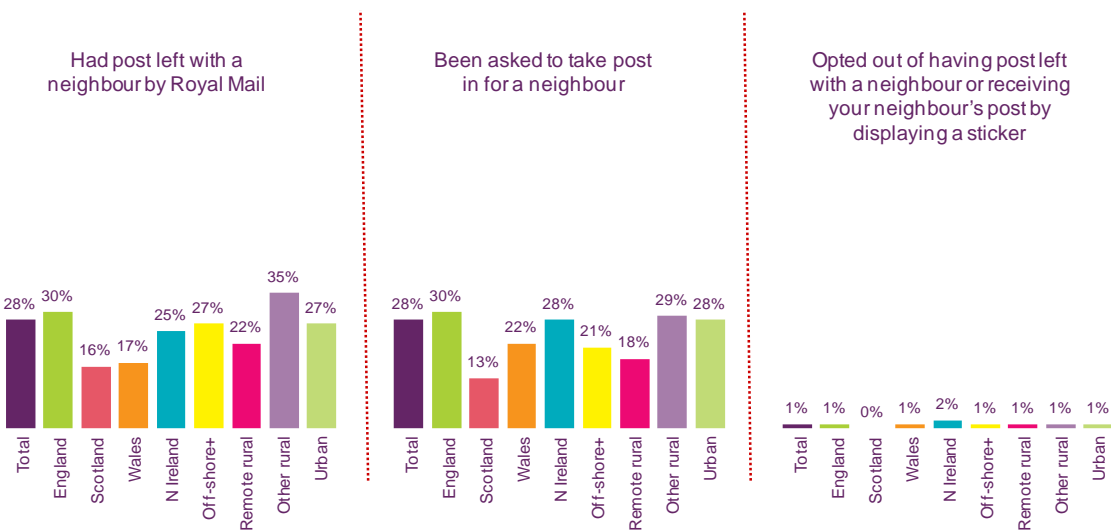
Source: Ofcom post tracking survey

Base: All adults 16+ (3612)

QD11. Thinking about deliveries from your postman or woman, in the last three months, have you...

Significantly fewer consumers in Scotland have experienced both aspects of the ‘delivery to neighbour’ scheme, compared to the average for all adults, with 16% having post left with neighbours and 13% having been asked to take post for a neighbour, versus 28% overall for either element of the scheme (Figure 77).

Figure 77 Experience of ‘delivery to neighbour’, by nation and urbanity



Source: Ofcom post tracking survey

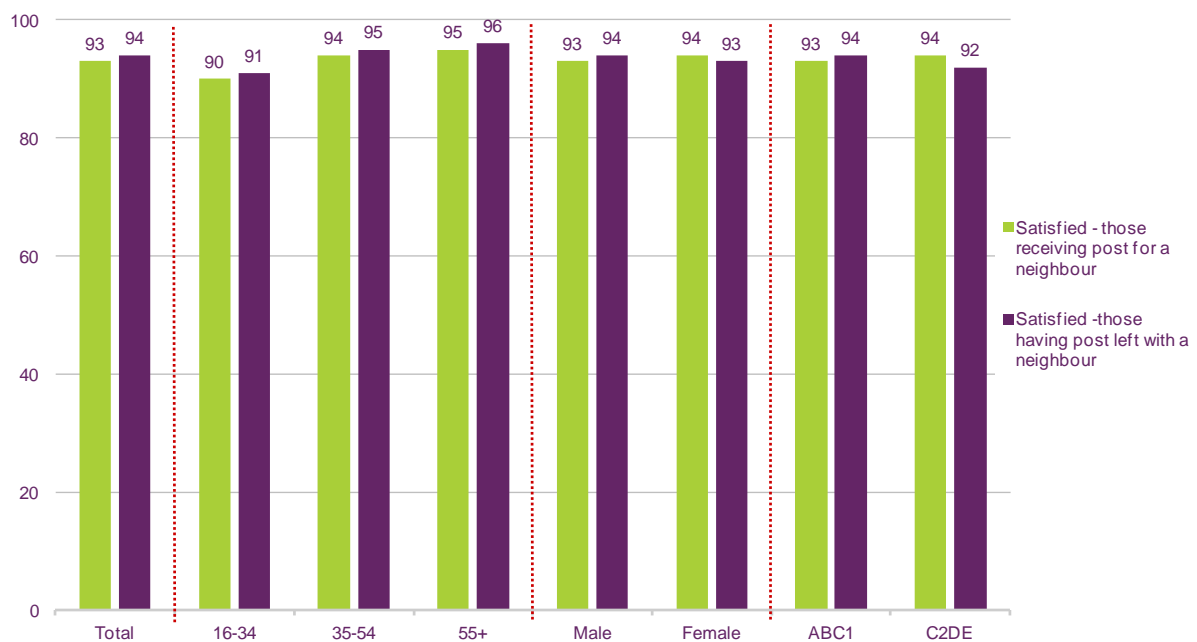
Base: All adults 16+ (3612)

QD11. Thinking about deliveries from your postman or woman, in the last three months, have you...

6.4.10 Over nine in ten consumers are satisfied with the ‘delivery to neighbour’ scheme

For those users that had experienced the ‘delivery to neighbour’ scheme, when asked how satisfied they were with the scheme (Figure 78), more than nine in ten (94%) stated they were either satisfied, or very satisfied, with the scheme, with over three in four (77%) being very satisfied. This applied both to having post left with a neighbour and receiving post for a neighbour.

Figure 78 Overall satisfaction with ‘delivery to neighbour’, by age, gender and socio-economic group



Source: Ofcom post tracking survey

Base: All those who had left post with a neighbour (934), All those who received post for a neighbour (908)

QD12. Overall, how satisfied were you with having your post left with a neighbour by Royal Mail?

QD14. Overall how satisfied were you with receiving post from Royal Mail for a neighbour?

6.5 Ownership of connected devices

6.5.1 Ownership increased for all connected devices with the exception of PCs, which declined significantly in 2013

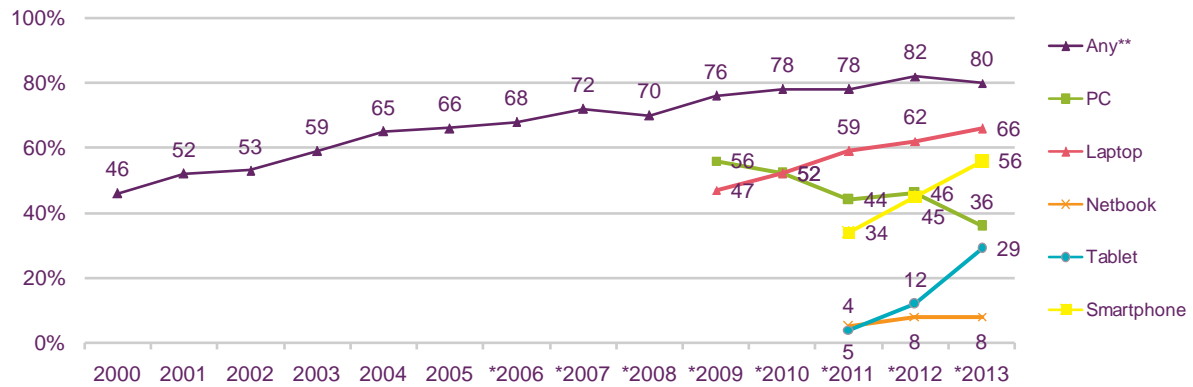
Ownership of any connected device remained stable in 2013; at 80%. This follows a steady increase in ownership between 2000 and 2012.

Figure 79 shows a steady increase in laptop ownership and a decline in PC ownership since 2009. Laptops are now the most popular connected device in the household, two-thirds (66%) of adults having one in the household, an increase from 62% in 2012. Desktop PC ownership shows a steady decrease since 2009, with just over a third (36%) of adults having one in the household, a decrease from 46% in 2012.

We are also able to compare the trends in ownership of smartphones, netbooks and/ or tablet computers (such as an iPad). Smartphone ownership continued to rise significantly in

2013, with 56% of UK adults now stating that they personally own a smartphone device, up from 46% in 2012. Ownership of a netbook remains static at 8%, with the growth in ownership of tablet computers more than doubling; from 12% to 29% in 2013. Ofcom's *Communications Market Report 2013* identified that one in ten households (9%) have more than one tablet computer, with tablet owning homes having, on average, 1.5 tablets, 37% having more than one.

Figure 79 Ownership of connected devices in the home



Source: Ofcom communications tracking survey

Base: All adults 16+ (Q4 2000, 2133) (Q4 2001, 2159) (Q4 2002, 2138), (Q4 2003, 2150) (Q4 2004, 2131) (Q4 2005, 2214) (Q2 2006, 2439) (Q2 2007, 2265) (Q2 2008, 2109) (Q2 2009, 2085) (Q2 2010, 2106) (Q2 2011, 2862) (Q2 2012, 2893) (Q2 2013, 2879)

Note: Data for 2006-2013 based on Q2 data, all other data based on Q4. **Data for 'any' for 2000-2010 refers to PC or laptop computers. Data for 'any' for 2011-2013 also includes netbook or tablet computers but not smartphones.

Connected device ownership remains most popular among the under-65s, among whom over four in five have access to at least one of these devices at home. However, since 2010 there have been significant levels of growth in ownership among the over-65s; two-thirds (66%) of 65-74 year olds now have access to at least one of these devices at home, as do just over a third (33%) of those aged 75+.

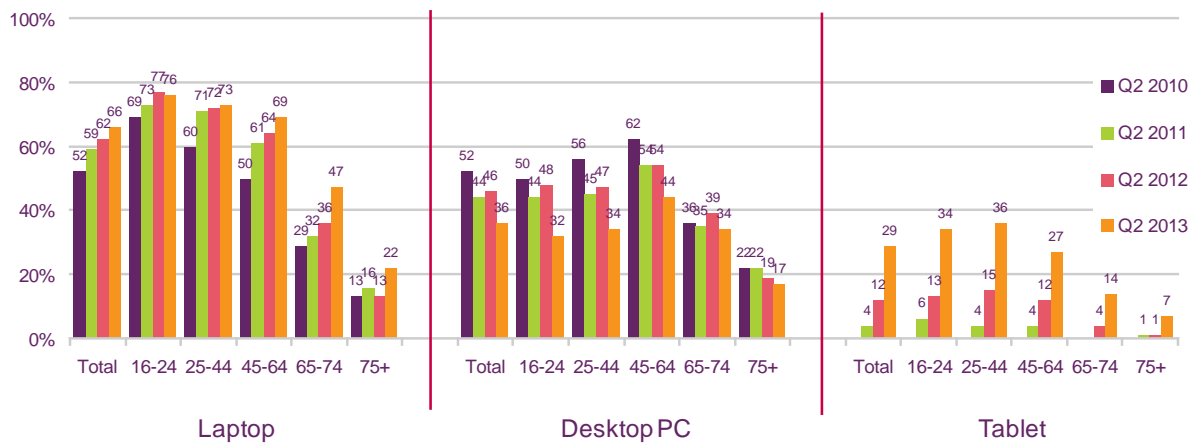
Ownership of these devices at an overall level remains highest in the AB socio-economic group (93%). The presence of children in the household has a large impact on ownership, with just over nine in ten (91%) owning devices, compared to three in four households without children.

Figure 80 shows that the increase in ownership of laptops since 2012 is largely driven by take-up among those aged 45 and over, although the highest levels of laptop ownership remains among those aged between 16 and 44 (over 7 in 10).

The decrease in ownership levels of desktop PCs since 2012 is largely driven by decreases among those aged 16-64, with the highest level of ownership remaining among those aged 45-64.

The growth in tablet ownership since 2012 is seen across all age groups, with those aged between 16 and 44 being the most likely to have a tablet, at around a third.

Figure 80 Age profile of laptop, PC and tablet users

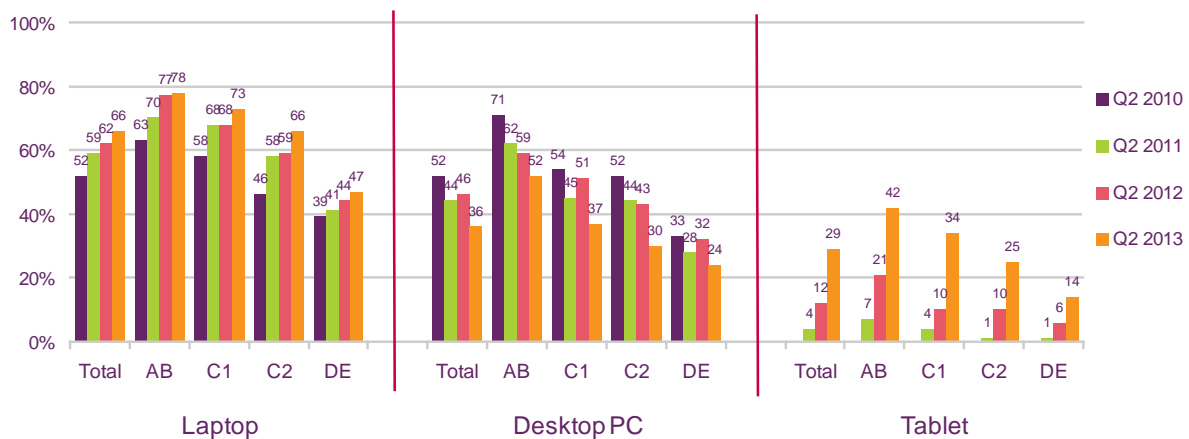


Source: Ofcom communications tracking survey
 Base: All adults 16+ (Q2 2010, 2106) (Q2 2011, 2862) (Q2 2012, 2893) (Q2 2013, 2879)
 QE1. Does your household have a PC, laptop, netbook or tablet computer?

While the highest level of laptop ownership continues to be among ABs, the overall rise in ownership is largely driven by take-up among those in the C1 and C2 socio-economic groups. Similarly, the highest level of desktop PC ownership is still among ABs, at just over half (52%), with the overall fall in ownership largely driven by decreases among the C1 and C2 socio-economic groups.

The rise in tablet ownership is driven by ABs, with just over four in ten (42%) owning a tablet, and by C1s, with a third (34%) owning a tablet. Tablet ownership remains lowest among those in the DE group, at around half the average level (14%) (Figure 81).

Figure 81 Socio-economic group profile of laptop, PC and tablet users



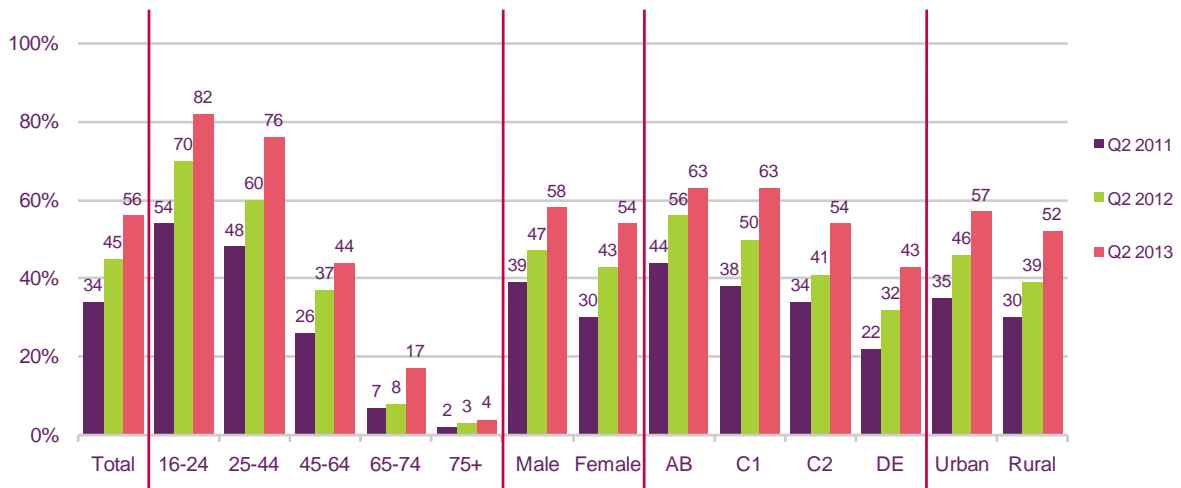
Source: Ofcom communications tracking survey
 Base: All adults 16+ (Q2 2010, 2106) (Q2 2011, 2862) (Q2 2012, 2893) (Q2 2013, 2879)

6.5.2 Smartphone ownership growth continues to be driven by younger consumers

There has continued to be growth in smartphone take-up in the past 12 months (Figure 82). Ofcom's *Communications Market Report 2012* reported that by the first quarter of 2013, just under three in four (74%) new handsets sold were smartphones (defined by the operating system); an increase from 64% in the first quarter of 2012.

Ofcom research has monitored take-up of smartphones since the start of 2011, and as Figure 82 below shows, between 2012 and 2013 there was a continued growth in smartphone ownership. Fifty-six per cent of all UK adults now claim to own a smartphone. This growth has been driven mainly by younger mobile customers. Smartphone ownership among 16-24s rose by 12 percentage points to 82% and by 16pp to 76% among those aged 25-44. This level of ownership of smartphones is not reflected among the older population. Less than one in five of those aged 65-74 (17%) have a smartphone, an 11% increase since 2012. Smartphone ownership among those aged 75 and over is unchanged since 2012, at 4%. Smartphone ownership remains higher among men than women (58% versus 54%) and higher than average in socio-economic groups AB and C1 (both 63%).

Figure 82 Age, gender, socio-economic and urbanity profile of smartphone owners



Source: Ofcom communications tracking survey

Base: Adults 16+ (Q2 2011, 2862) (Q2 2012, 2893) (Q2 2013, 2879)

Smartphone growth looks likely to continue over the next 12 months, although the rate is beginning to slow; 3% of non-smartphone users say they are certain to get a smartphone in the next 12 months and a further 11% say they are likely to get one. Just under a quarter (23%) of mobile phone owners who do not have a smartphone say they are very unlikely to get one, and 34% say they are certain that they will not.

Reasons for choosing particular devices

Ofcom recently commissioned an online survey to understand more about why people choose different technology devices (such as smartphones or tablet computers) and their attitudes to, and use of, different types of online services (such as email, search engines and web browsers). Using an online questionnaire, we surveyed 1,829 adults aged 16+, nationally representative of the UK population who use the internet. The fieldwork took place in August 2013. This section presents key findings from this survey and highlights differences observed according to the age of the participant.

While for all consumers price dominates the purchasing decision for a laptop, screen size is more likely to be considered by older people than by those aged 16-24

Figure 83 shows that two-thirds (66%) of those who own a laptop/netbook said that price was a factor when they made the decision about which one to buy, peaking at 73% of 45-54 year olds and dropping to 59% of those aged 16-24. Other factors were considered, depending on the age of the participant. For younger people, the battery life was more likely to be a consideration than among older users (47% vs. 34% of 55+) along with the design (40% vs. 21%). However, older people with a laptop/netbook were more likely than younger people to consider the size of the screen (51% vs. 43% of 16-24 year olds), along with brand reputation (49% vs. 44%), ease of use (41% vs. 37%) and screen quality (36% vs. 29%).

Figure 83 Factors considered when choosing a laptop/netbook, by age

	Adults 16+	16-24	25-34	35-44	45-54	55+
Price	66%	59%	66%	68%	73%	66%
Technical Specification	49%	51%	45%	48%	50%	51%
Size of screen	46%	43%	41%	45%	53%	51%
Brand Reputation	44%	44%	45%	34%	46%	49%
Operating System	38%	39%	37%	35%	44%	38%
Battery Life	37%	47%	37%	31%	35%	34%
Ease of use	36%	37%	32%	31%	41%	41%
Size of device	33%	35%	33%	29%	32%	35%
Design, how it looks	32%	40%	38%	31%	30%	21%
Quality of screen	30%	29%	29%	25%	29%	36%

Source: Ofcom research, August 2013

Base: All adults 16+ with laptop/netbook (1381); 16-24 (567); 25-34 (296); 35-44 (259); 45-54 (248); 55+ (307)

Q5I. Thinking about when you chose your laptop/netbook, what factors did you consider? (multicode from prompted list)

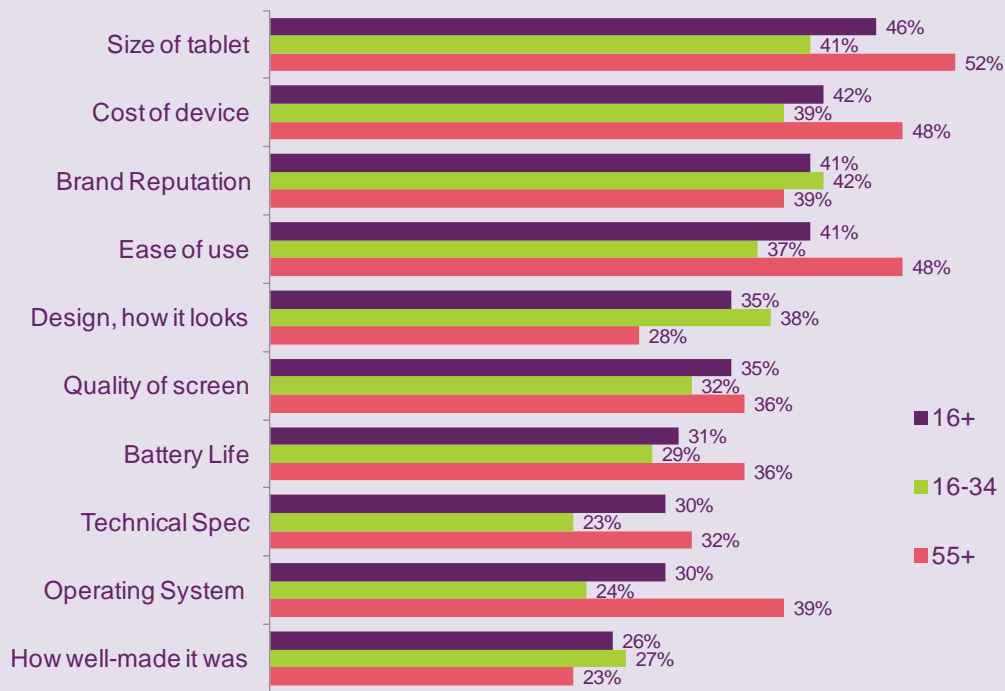
Note: percentages highlighted in green and red indicate significant differences compared to all adults

When respondents were asked to indicate the most important factor after price, technical specification (e.g. memory, processor speed, drive capacity) was the most likely response across all age groups (27% of all adults, 31% of 16-24s, 23% of 55+). Fourteen per cent of those aged 55+ said that ease of use was the most important factor in their decision-making, compared to just 9% of all adults and 6% of those aged 16-24.

The size of a tablet computer is more of a consideration than the cost, for all adults

When those who own a tablet computer were asked to think about the factors that influenced their decision, the size of tablet (46%), followed by the cost of the device (42%) were the factors most often mentioned. Among younger people (aged 16-34), a similar amount mentioned the brand reputation and the size of the tablet (42% and 41%). For over half (52%) of people aged 55+ the size of the tablet most influenced their decision, followed by cost, and ease of use (both 48%).

Figure 84 Factors considered when choosing a tablet computer, by age



Source: Ofcom research, August 2013

Base: All adults 16+ with tablet (562); 16-34 (237); 55+ (116)

Q5t. Thinking about when you chose your tablet, what factors did you consider? (multicode from prompted list)

Note: Sample sizes are too small to look at some age groups so only the wider age bands are highlighted here

When choosing a smartphone, brand reputation is likely to be considered rather than functionality

Unlike laptops or tablet computers, where functionality and design are important factors in the decision-making process, when choosing a smartphone the brand reputation of the device is the most likely to be a consideration. Although this does not appear to be especially driven by age, over half (53%) of those aged 25-34 indicate this as a factor when they buy a smartphone, compared to just 41% of 35-44 year olds.

Other factors are also taken into account, depending on the age of the potential smartphone purchaser (Figure 85). Younger people, particularly those aged 16-24, are more likely than older people to consider how it looks (46% vs. 26%) and its additional features (46% vs. 29%).

Figure 85 Factors considered when choosing a smartphone, by age

	Adults 16+	16-24	25-34	35-44	45-54	55+
Brand Reputation	47%	47%	53%	41%	44%	48%
Cost of use/tariff	44%	43%	41%	42%	52%	42%
Ease of use	43%	40%	45%	40%	44%	45%
Design, how it looks	39%	46%	46%	40%	36%	26%
Operating System	35%	35%	39%	34%	37%	32%
Additional Features	35%	46%	36%	28%	36%	29%
Cost of handset	34%	37%	33%	30%	41%	32%
Quality of screen	32%	33%	36%	28%	32%	30%
Size of screen	32%	32%	32%	28%	35%	32%
Battery Life	31%	36%	34%	27%	30%	27%

Source: Source: Ofcom research, August 2013

Base: All adults 16+ with smartphone (1229); 16-24 (257); 25-34 (288); 35-44 (255); 45-54 (212) 55+ (217)

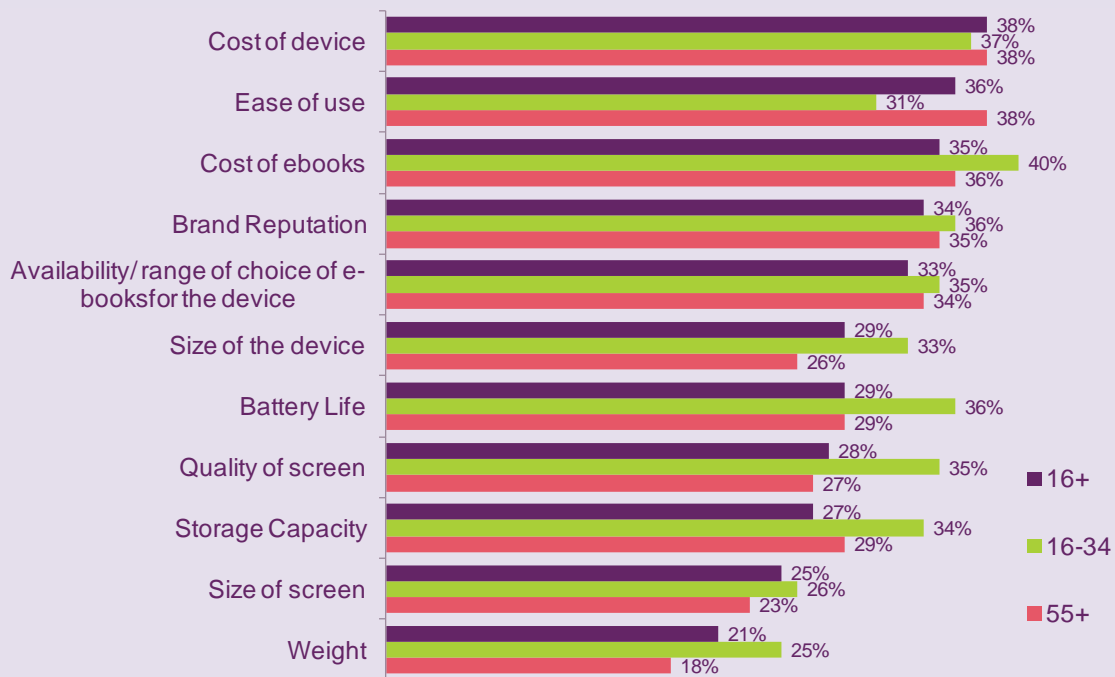
Q5s. Thinking about when you chose your smartphone, what factors did you consider? (multicode from prompted list)

Note: percentages highlighted in green and red indicate significant differences compared to all adults

When choosing an e-reader, the cost of e-books is more likely to be a consideration for young people than for those aged 55+

In contrast to other devices, e-readers are more likely to have been given as gifts rather than chosen by the user (21% vs. 11% tablet, 7% laptop/netbook, 6% smartphone). People aged 55+ are more likely than other age groups, particularly younger people (29% vs. 17% of 16-34) to have been given an e-reader. Young people choosing an e-reader are more likely to consider the cost of e-books than the cost of the actual device (40% vs. 37%) (Figure 86). The cost of e-books is also more likely to be a consideration for young people than for those aged 55+ (40% vs. 35%). Similarly, battery life, screen quality and storage capacity are more likely to be considered by those aged 16-34 than by older people. However, ease of using the device is more of a factor for older people (38% vs. 31% of 16-34s).

Figure 86 Factors considered when choosing an e-reader, by age



Source: Source: Ofcom research, August 2013

Base: All adults 16+ with e-reader (421); 16-34 (135); 55+ (147)

Q5e. Thinking about when you chose your e-reader, what factors did you consider? (multicode from prompted list)

Note: Sample sizes are too small to look at some age groups so only the wider age bands are highlighted here

When asked to indicate the most important factor other than cost, the range of e-books available was referenced by all e-reader users when choosing a device (24% of all adults, 30% of 16-34s, 23% of over-55s).

6.6 Non-ownership of communications services

6.6.1 Non-ownership of broadband remains high, at around a fifth of households

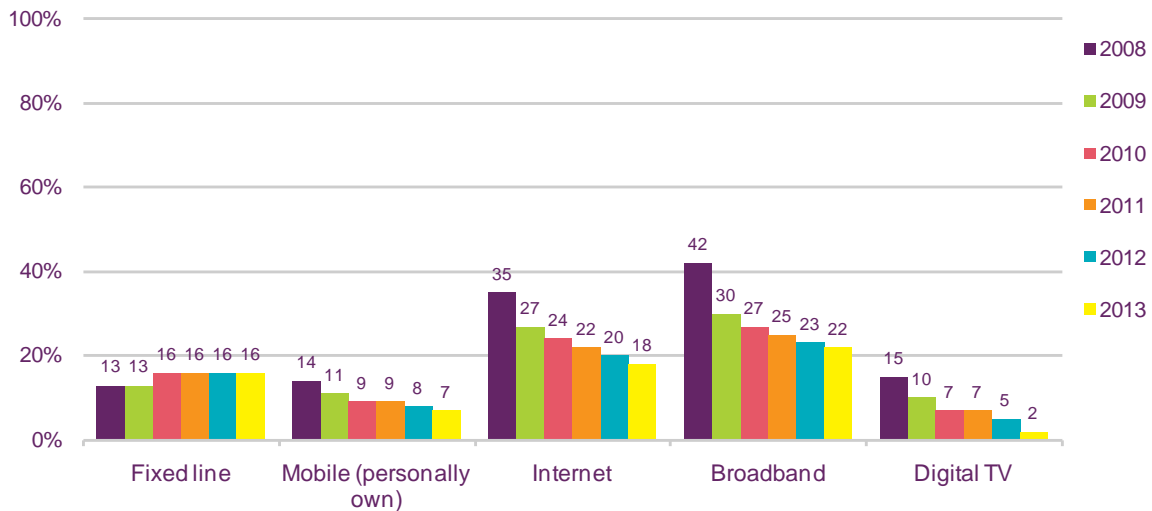
Understanding non-ownership and the reasons for it tells us whether there are any problems that need to be addressed to enable consumers to access communication services.

There are many reasons for not owning a particular communications service, and these generally fall into one of two categories: voluntary and involuntary. Voluntary non-ownership is where potential consumers do without services because they perceive they do not need them, or because they are satisfied with alternative services. Involuntary non-ownership is where potential consumers do without services but not through choice; this is mainly due to affordability.

The following figures show non-ownership of communications services in general, before looking specifically at voluntary and involuntary reasons.

Figure 87 shows that non-ownership of communications services has not changed significantly since 2012, with the exception of digital TV, where non-ownership has fallen from 5% to 2% due to digital switchover.

Figure 87 Non-ownership of communications services



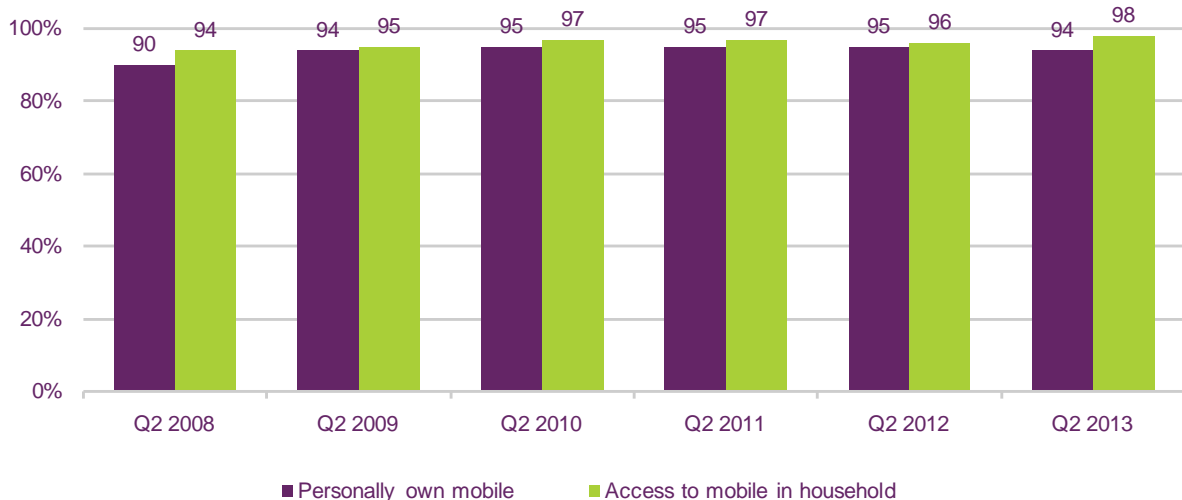
Source: Ofcom communication tracking survey

Base: All adults 16+ (Q2 2008, 2109) (Q2 2009, 2085) (Q2 2010, 2106) (Q2 2011, 2862) (Q2 2012, 2893) (Q2 2013, 2879)

6.6.2 Two per cent of households now do not have access to a mobile phone service

Among those living in a household without access to a fixed line, as in each year since 2008, the majority (94%) personally own a mobile phone and 98% have access to at least one mobile in their household (Figure 88).

Figure 88 Access to mobile services among those who do not have access to a mobile phone



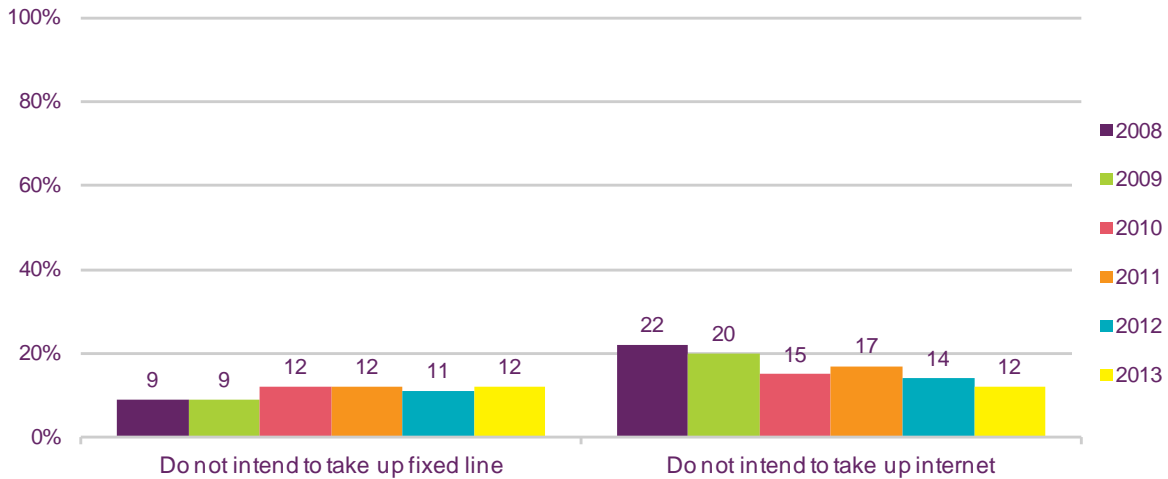
Source: Ofcom communication tracking survey

Base: All adults 16+ who do not own a fixed-line (Q2 2008, 261) (Q2 2009, 274) (Q2 2010, 340) (Q2 2011, 400) (Q2 2012, 446) (Q2 2013, 458)

6.6.3 Levels of those not intending to take up communications services remain unchanged

The number of consumers who do not intend to take up services remained unchanged in 2013, at just over one in ten (12%) without a fixed line and just over one in ten (12%) without the internet at home (Figure 89).

Figure 89 Do not intend to take up communications services in the next 12 months



Source: Ofcom communication tracking survey

Base: All adults 16+ (Q2 2008, 2109) (Q2 2009, 2085) (Q2 2010, 2106) (Q2 2011, 2862) (Q2 2012, 2893) (Q2 2013, 2879)

*Data for mobile and digital TV not available in 2013. Data for broadband not available for Q2 2010 and 2011 although responses for 'internet' will largely relate to take-up of broadband.

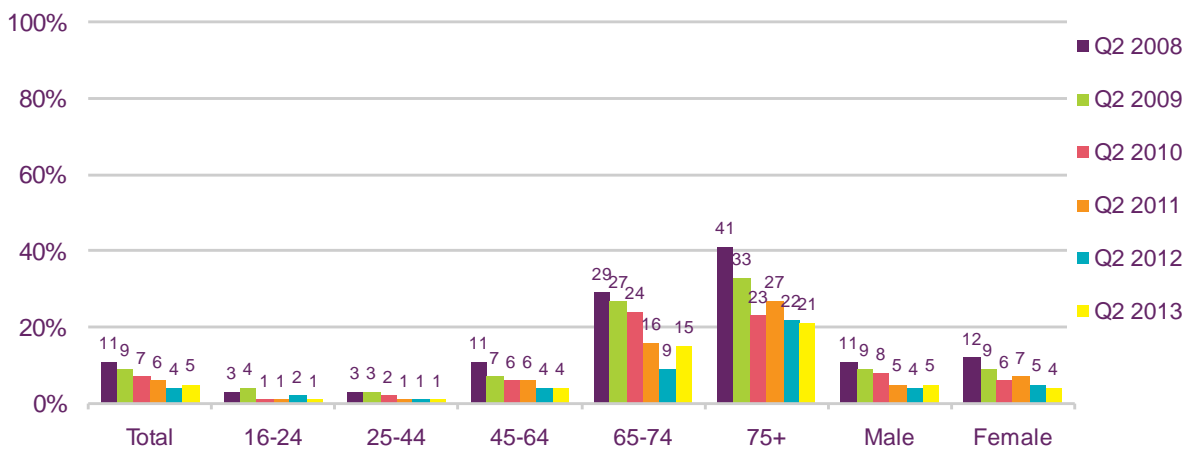
6.6.4 Voluntary non-ownership of internet services highest among those aged over 75

This section assesses the numbers, and profiles, of consumers who do not have internet services for voluntary reasons.

Voluntary non-ownership is where potential consumers have not taken up services, primarily due to their perceived lack of need for a service, or their satisfaction with alternative services. Where both voluntary and involuntary reasons were stated, involuntary non-ownership is reported. This assumes that involuntary reasons take precedence over voluntary reasons (although this is not always the case). It should also be noted that some consumers may give 'voluntary' non-ownership reasons because they do not wish to disclose financial/affordability issues to the researcher.

The percentage of consumers who do not have internet services for voluntary reasons has declined steadily since 2008 (Figure 90). Just over one in five (21%) of over-75s voluntarily do without internet services. Since 2012, consumers aged 65-74 have been more likely to choose not to take up internet services (15% vs. 9%).

Figure 90 Voluntary (only) non-ownership of internet services, by age and gender



Source: Ofcom communications tracking survey

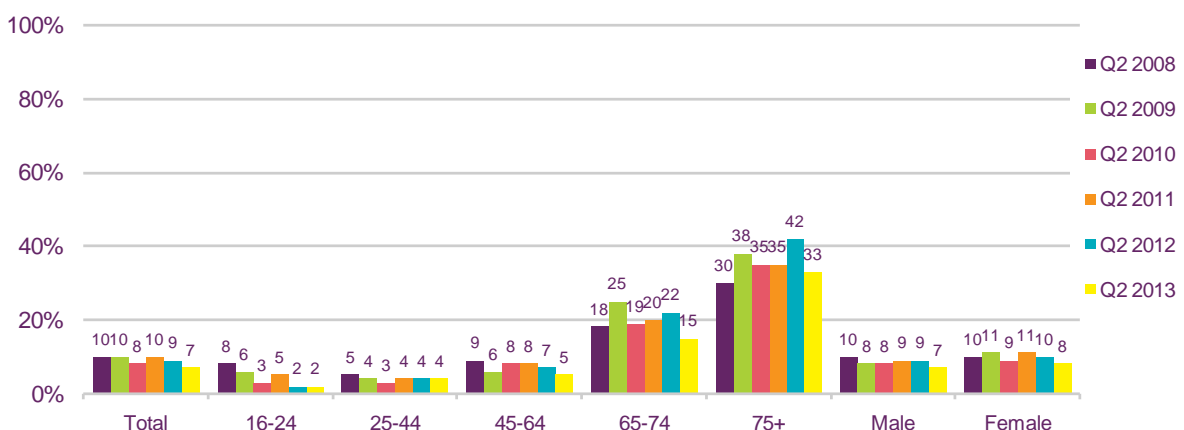
Base: All adults 16+ (Q2 2008, 2109) (Q2 2009, 2085) (Q2 2010, 2106) (Q2 2011, 2862) (Q2 2012, 2893) (Q2 2013, 2879)

6.6.5 Involuntary non-ownership of internet has fallen significantly among those aged over 75

Involuntary non-ownership is where potential consumers have not taken up a service, but not through choice. Involuntary non-ownership is primarily due to affordability. A few consumers gave reasons that were both voluntary and involuntary; these responses have been reported under ‘involuntary’ non-ownership.

Figure 91 shows a decline in the overall level of involuntary non-ownership of the internet since 2012 (from 9% to 7%). The level has remained relatively stable over time for those aged from 16 to 64. Although involuntary non-ownership remains significantly higher among those aged 65-74, and over 75, the levels have fallen for these older consumers since 2012 (from 22% to 15% and from 42% to 33% respectively); this trend is in line with previous years.

Figure 91 Involuntary non-ownership of internet services, by age and gender

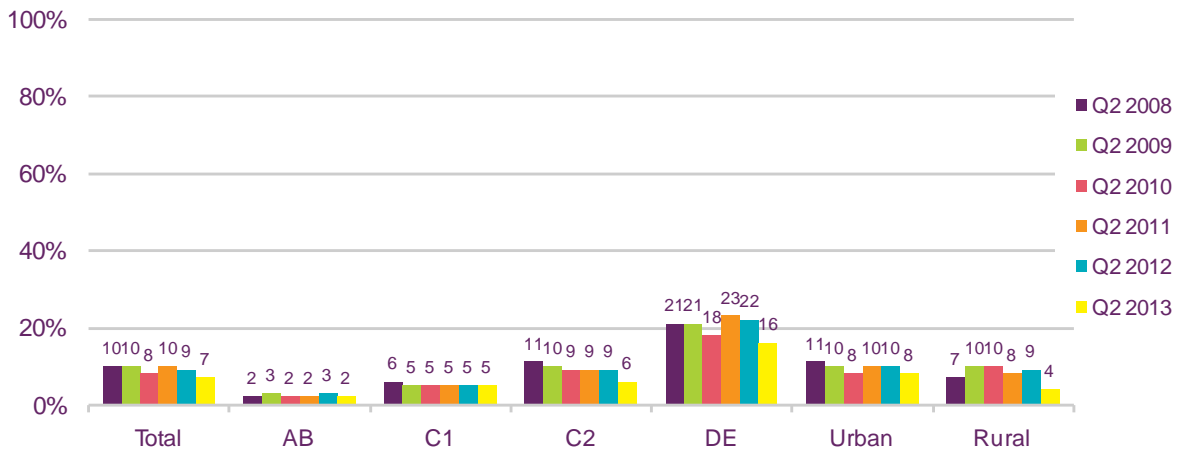


Source: Ofcom communication tracking survey

Base: All adults 16+ (Q2 2008, 2109) (Q2 2009, 2085) (Q2 2010, 2106) (Q2 2011, 2862) (Q2 2012, 2893) (Q2 2013, 2879)

The overall decline in involuntary non-ownership of the internet since 2012 is also driven by a decline among the DE socio-economic group (from 22% to 16%). Other socio-economic groups remain relatively unchanged. Both urban and rural locations also saw a decline in involuntary non-ownership of the internet (Figure 92). It remains higher among C2DEs, accounting for just under one in five (16%) DEs. Involuntary non-ownership was higher in urban (8%) than in rural locations (4%) in 2013.

Figure 92 Involuntary non-ownership of internet services, by socio-economic group and urbanity



Source: Ofcom communication tracking survey

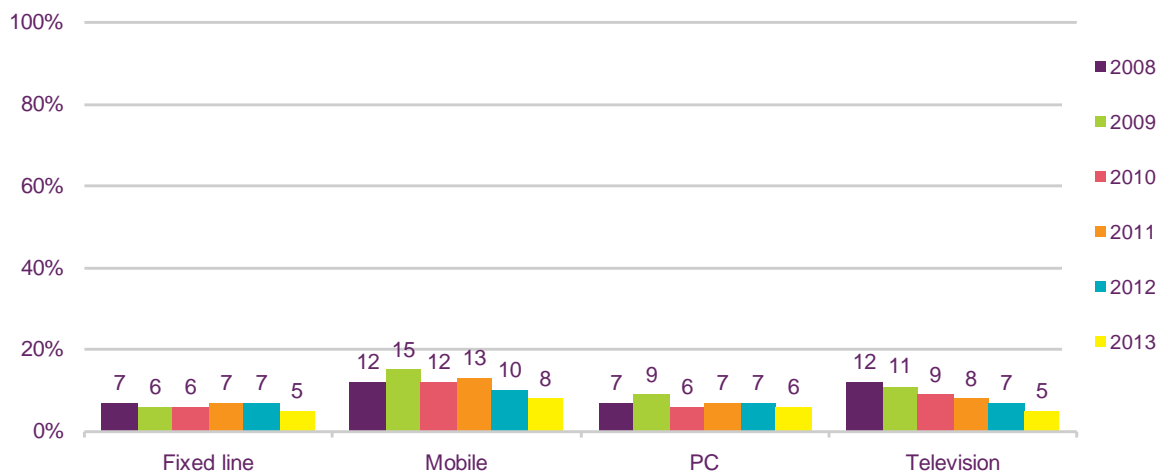
Base: All adults 16+ (Q2 2008, 2109) (Q2 2009, 2085) (Q2 2010, 2106) (Q2 2011, 2862) (Q2 2012, 2893) (Q2 2013, 2879)

6.6.6 Mobile phones and PCs are the devices that over-65s find most difficult to use

Difficulty using communications technology can affect people’s ability to make the most of the services that are available to them.

The proportion of consumers saying they have difficulty using communications services has remained stable, with just under one in ten mobile phone owners claiming to have difficulty using their phone (Figure 93).

Figure 93 Difficulties using communications services



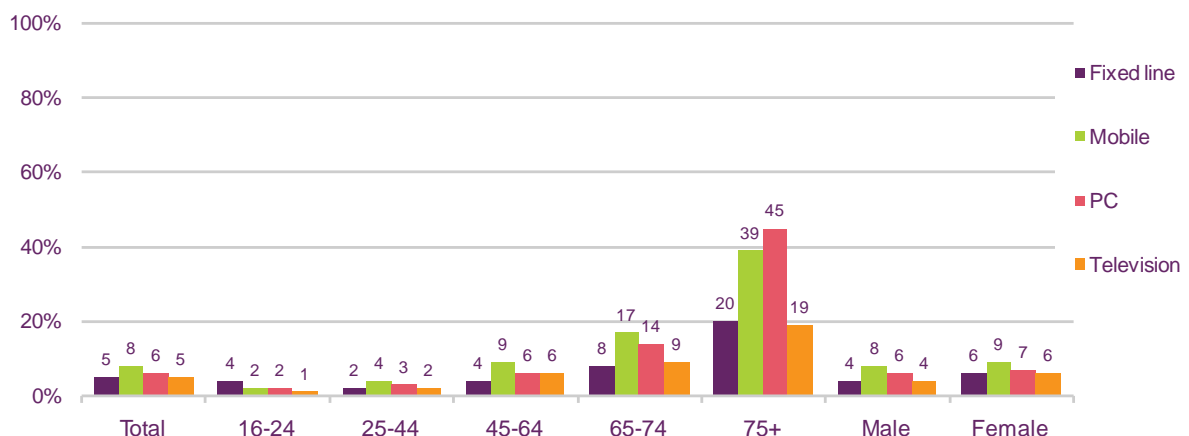
Source: Ofcom communications tracking survey

Base: All adults 16+ with a fixed line (Q2 2008, 1845) (Q2 2009, 1810) (Q2 2010, 1766) (Q2 2011, 2456) (Q2 2012, 2445) (Q2 2013, 2421). Mobile (Q2 2008, 1911) (Q2 2009, 1835) (Q2 2010, 1892) (Q2 2011, 2543) (Q2 2012, 2582) (Q2 2013, 2595). PC (Q2 2008, 1824) (Q2 2009, 2308) (Q2 2010, 1593) (Q2 2011, 2150) (Q2 2012, 2172) (Q2 2013, 2102). Television (Q2 2008, 1910) (Q2 2009, 2064) (Q2 2010, 2076) (Q2 2011, 2794) (Q2 2012, 2832) (Q2 2013, 2820).

Older consumers, particularly the over-75s, are the most likely to state that they have difficulties using each of the communications services. Forty-five per cent of this age group said they had difficulty using their PC, followed by 39% saying they had difficulty using their mobile phone (Figure 94). The level of difficulty using their PC reported by those aged over 75 is lower than that reported in 2012 (45% vs. 54%).

Those in socio-economic group DE appear to have the most difficulty using the various communication services. The level of difficulty using their PC, reported by DEs, is lower than in 2012 (10% vs. 15%). In 2013, those in urban locations were more likely than those in rural locations to report any difficulties using their PC, while those in rural locations were more likely to report any difficulties using their mobile phone.

Figure 94 Difficulties using various communications services, by age and gender



Source: Ofcom communications tracking survey

Base: All adults 16+ with a fixed line (Q2 2013, 2421). Mobile (Q2 2013, 2595). PC (Q2 2013, 2102). Television (Q2 2013, 2820)

Section 7

Consumer choice and value

Introduction

In this section we look at purchasing choices and which service packages consumers are currently using. We provide an overview of the prices of communications services in the UK, how these have changed over time, and where possible, how they compare internationally.

Key trends

- **The increase in bundled purchasing continues.** The proportion of consumers who purchase service bundles has risen steadily over recent years, and by Q1 2013 60% of UK homes took more than one communications service from the same provider, up from 57% a year previously. Consumers aged over 75 (27%), and those in socio-economic group DE (45%) were the least likely to bundle any communications services.
- **Average UK household spend on communications services fell in real terms in 2012.** On average, UK households spent £113.61 per month on communications services in 2012, £1.55 (1.3%) less than in 2011 and £12.28 (9.8%) less than in 2007. This was equivalent to 5.4% of total household spend in 2012,⁴³ slightly lower than in 2011 and unchanged from 2007.
- **The average revenue of residential broadband connections increased by 1.2% to £16.38 per connection in 2012, largely due to take up of superfast broadband.** Increasing average revenue per residential fixed broadband connection is to a large extent a result of consumers switching to superfast broadband services, (i.e. those with an advertised speed of 30Mbit/s or more), which typically command a price premium over standard broadband services. In the year to May 2013 the proportion of UK residential fixed broadband connections that were superfast increased from 8% to 19%⁴⁴.
- **The premium price for superfast broadband services is falling.** Our analysis shows that the lowest available prices for a basket of fixed voice services with a standard fixed broadband connection, and the price for the same fixed voice services with a superfast broadband connection,⁴⁵ both continued to fall in the year to July 2013. The rate of decline in the price of the basket including superfast broadband (8.2%) was higher than that of the standard broadband basket (3.2%) in 2013, and the difference between the lowest price available for each of the baskets (i.e. the premium for superfast broadband services) was just over £8 per month, down from £10 per month in 2012 and £12 per month in 2010.

⁴³ Or 3.4% of average gross annual income.

⁴⁴ <http://stakeholders.ofcom.org.uk/market-data-research/other/telecoms-research/broadband-speeds/broadband-speeds-may2013/>

⁴⁵ Here we compare two service combinations: a fixed line with 400 minutes of outgoing voice calls along with a fixed broadband connection with a minimum headline speed of 'up to' 4Mbit/s and 15GB of data use per month, and a combination which is identical to the first in all respects other than that it requires a superfast broadband connection (i.e. one with a headline speed of at least 'up to' 30Mbit/s).

- **UK mobile prices fell for most of the usage profiles used in our analysis in 2013.** Our analysis shows that the total ‘weighted average’⁴⁶ price of eight mobile connections with varying use of voice, SMS and data services fell by just under a quarter in real terms in the year to July 2013. The weighted average price of all but two of these connections fell during the year.
- **Stand-alone pay-TV prices increased in the year to July 2013.** The lowest price available for a stand-alone basic pay-TV service increased by 7% to £12 per month in 2013, although this was lower than the lowest price of a similar service in 2008 (£16 per month). The lowest price available for stand-alone HD premium pay-TV services was £66 per month in 2013, up from £55 in 2008 and an 8% increase since 2012.

These trends are explored in more detail under the following sub-headings:

- Purchasing choices
- Billing preferences
- Spend and pricing of UK communications services
- International comparisons of the price of communications services

7.1 Purchasing choices

7.1.1 Increase in bundling as triple-play fixed-line, broadband and multichannel TV bundles continue to rise

Since 2005, and the start of LLU, there has been an increase in the number of ‘bundles’ or packages of communications services offered to consumers. This was particularly evident throughout 2006 with the launch of bundled offers, particularly in the areas of fixed line and broadband, with discounts for taking two services together. In 2008 triple-play bundles (fixed-line, broadband and multichannel TV) were introduced; this had a major impact on switching levels⁴⁷.

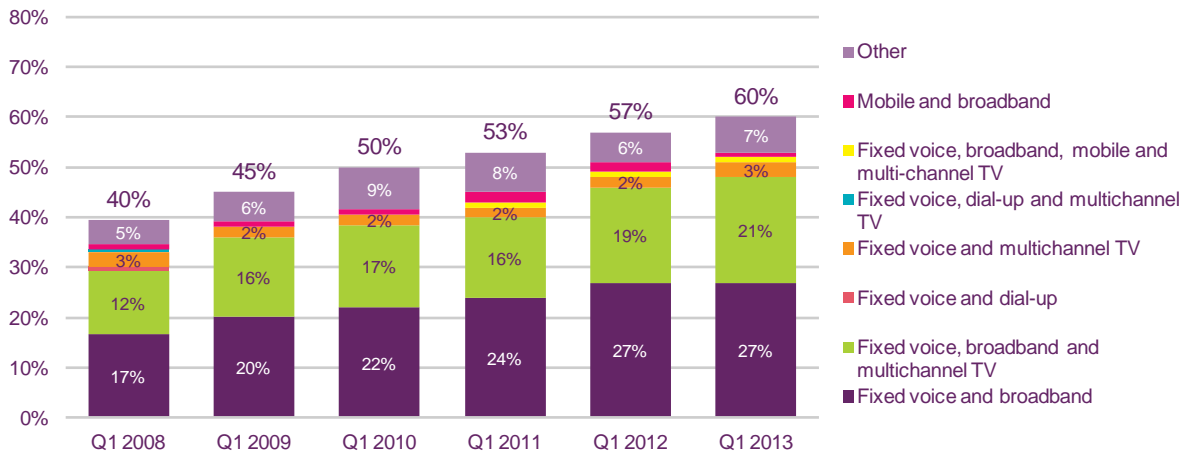
Figure 95 illustrates the trend in bundled purchasing. The number of consumers with bundled services rose from 57% in 2012 to 60% in 2013. As seen in previous years, both dual-play fixed-line and broadband, and triple-play fixed-line, broadband and multichannel TV bundles remain the most popular bundled packages among consumers.

Dual-play fixed-line and broadband bundling levels have remained unchanged in 2013, following the increases between 2011 and 2012. Triple-play fixed line, broadband and multichannel TV bundles continued their increase in 2013 (21%, up from 19%).

⁴⁶ The weighted average is calculated using the lowest available prices available among tariffs offered by the UK’s three largest mobile providers (EE, O2 and Vodafone), weighted by their market shares.

⁴⁷ Providers no longer tend to market bundles as ‘discounted’, or do not offer the services individually. We therefore no longer report on the basis of ‘discounted bundles’. The following data are based on participants purchasing more than one service from any given provider, which they consider a ‘package’.

Figure 95 Trends in purchasing multiple communications services from a single supplier



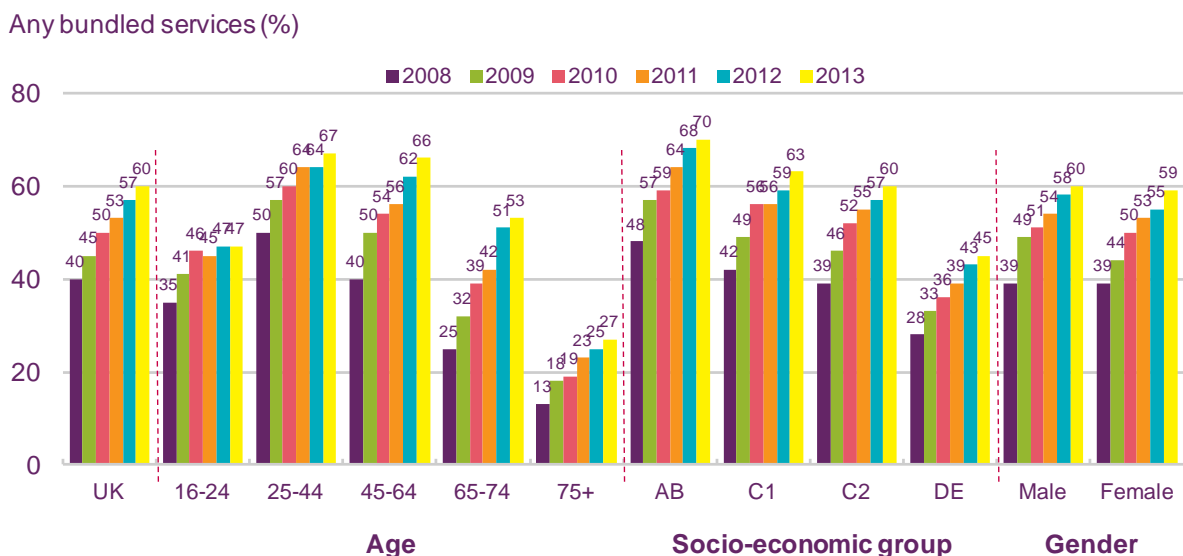
Source: Ofcom communications tracking survey

Base: All adults 16+ (Q1 2008, 5812) (Q1 2009, 6090) (Q1 2010, 9103) (Q1 2011, 3474) (Q1 2012, 3772) (Q1 2013, 3750)

QG1. Do you receive more than one of these services as part of an overall deal or package from the same supplier? / QG3. Do you receive a discount or special deal for subscribing to this package of services?

Among the different age groups there have been no significant increases in the number of consumers with a bundled service (Figure 96). Consumers aged over 75 (27%), and those in socio-economic group DE (45%) remain the least likely to bundle any communications services.

Figure 96 Age, gender and socio-economic profile of consumers with a bundled service



Source: Ofcom research, Quarter 1 2013

Base: All adults aged 16+ (5812 UK 2008, 6090 UK 2009, 9013 UK 2010, 3474 UK 2011, 3772 UK 2012, 3750 UK 2013)

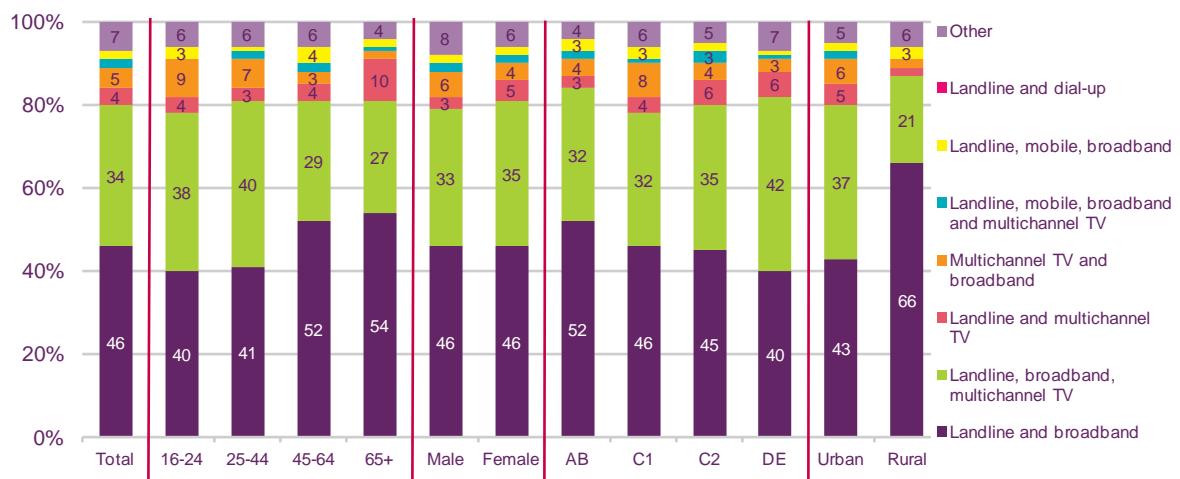
QG1. Do you receive any of these services as part of an overall deal or package from the same supplier?

7.1.2 Older bundlers and those in rural areas are more likely to purchase dual-play fixed-line and broadband bundles

Figure 97 shows that across all age groups and both genders, dual-play fixed-line and broadband bundles are the most popular, followed by triple-play fixed-line, broadband and multichannel TV. Dual-play fixed-line and broadband are most common among older age groups; over half of 45-64s (52%) and 65+ (54%) have this type of bundle. This compares to younger consumers, who are as likely to have a triple-play fixed-line, broadband and multichannel TV bundle, with around four in ten of those aged between 16 and 44 purchasing these types of bundles.

Dual-play fixed-line and broadband bundles account for a large proportion of bundling in rural areas (66%); this compares to 43% of those in urban areas with this type of bundle. Triple-play fixed-line, broadband and multichannel TV is more popular in urban areas, at just over one in three (37%), compared to 21% in rural areas. The lower level of triple-play in rural areas is likely to be linked to the lower cable availability.

Figure 97 Trends in purchasing multiple communications services, by age, gender, socio-economic group and urbanity



Source: Ofcom communication tracking survey

Base: All adults 16+ who bundle at least two services (Q1 2013, 2104)

QG1. Do you receive more than one of these services as part of an overall deal or package from the same supplier? / QG3. Do you receive a discount or special deal for subscribing to this package of services?

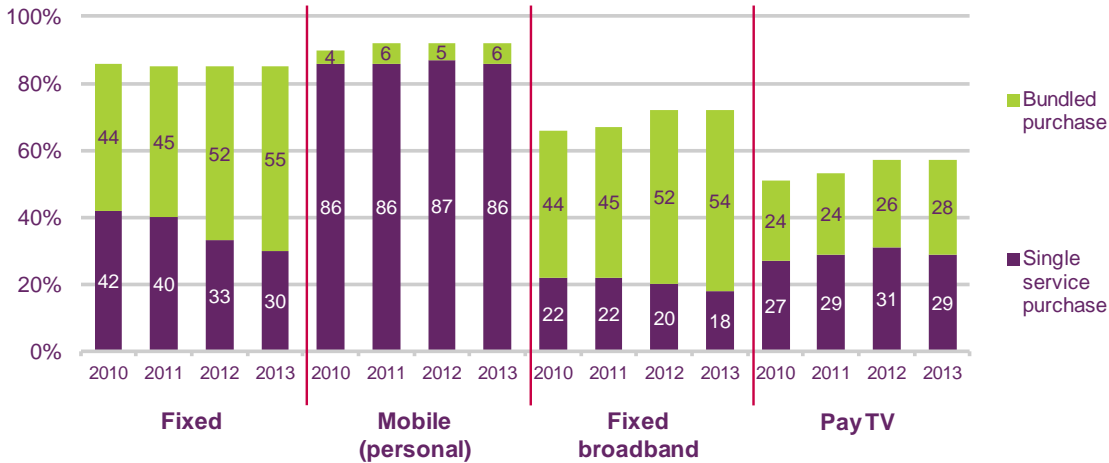
7.1.3 Over half of consumers bundle fixed line and fixed broadband services

There are differences in purchasing behaviour across the communications markets. In the fixed-line market just over half (55%) of adults purchase this service as part of a bundle – up from 52% in 2012 (Figure 98). This equates to two-thirds of fixed-line customers who purchase this service as part of a bundle. Those over 65 are the most likely to purchase this service as a standalone.

In the fixed broadband market, similarly, just over half (54%) of adults purchase the service as part of a bundle, in line with 2012. This equates to three-quarters of fixed broadband customers who purchase this service as part of a bundle. Those aged between 16-24 are the most likely to purchase fixed broadband as a single service.

In the mobile market the majority of consumers still purchase mobile as a single service (86% of adults, 94% of mobile customers). Within pay TV almost identical proportions of adults purchase this service as part of a bundle (28%) and take the service as a single purchase (29%).

Figure 98 Trend in purchasing behaviour, by communications market



Source: Ofcom communications tracking survey (Q1 and Q3 rolled data from 2010), Q1 2011, Q1 2012, Q1 2013
 Base: Adults 16+ (2010) 16+ (2011-2013)

7.1.4 Over half of all mobile customers are now on at least a 12-month contract

Figure 99 illustrates the proportion of consumers using each of the mobile packages on offer.

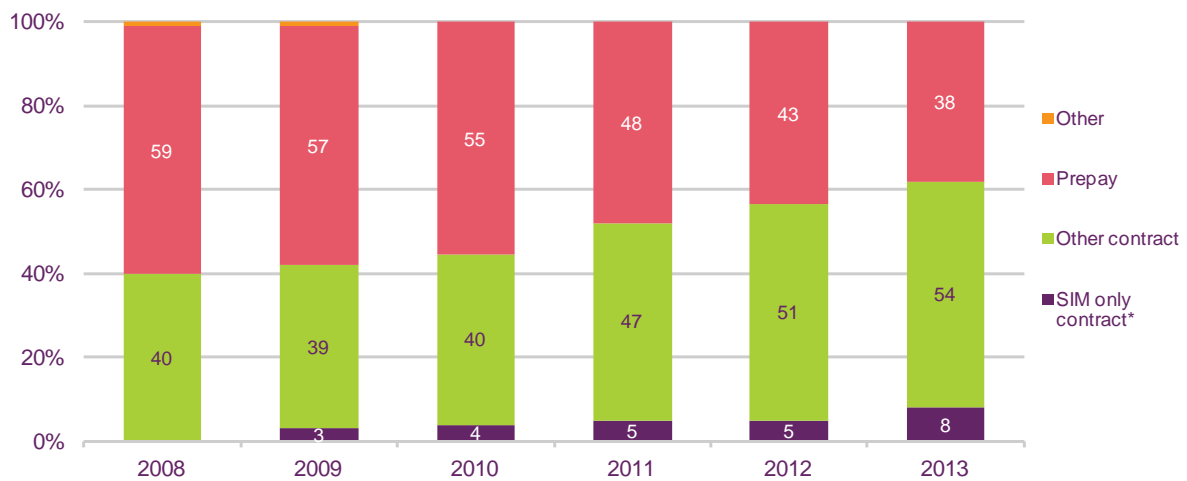
The proportion of mobile customers opting for contract packages has been increasing year on year since 2005, and now over three in five (62%) mobile users have a contract service, with the majority (54%) on at least a 12-month contract⁴⁸. Although there has been an increase in contracts of 12 months or over, the SIM-only option has doubled since 2010 (8% vs. 4%) which has contributed to the rise in contract packages in the past 12 months.

This continued rise in the take-up of pay-monthly, and longer contracts, can be attributed to the growth in the take-up of smartphones, as users repay much of the cost of an expensive handset over a number of months, rather than upfront. In Q2 2013, 83% of adults with a smartphone were on a monthly contract.

In addition, as internet access on mobile phones becomes more widespread, pay-monthly tariffs may be more attractive than pre-pay tariffs, as the majority of post-pay tariffs now include an element of bundled data use.

⁴⁸ Please note that “other contract” and “SIM-only contract” figures are rounded to calculate the percentage of mobile customers with a contract service.

Figure 99 Take-up of mobile packages



Source: Ofcom communications tracking survey

Base: Adults 16+ who personally use a mobile phone (Q2 2008, 1699) (Q2 2009, 1835) (Q2 2010, 1892) (Q2 2011, 2543) (Q2 2012, 2582) (Q2 2013, 2595)

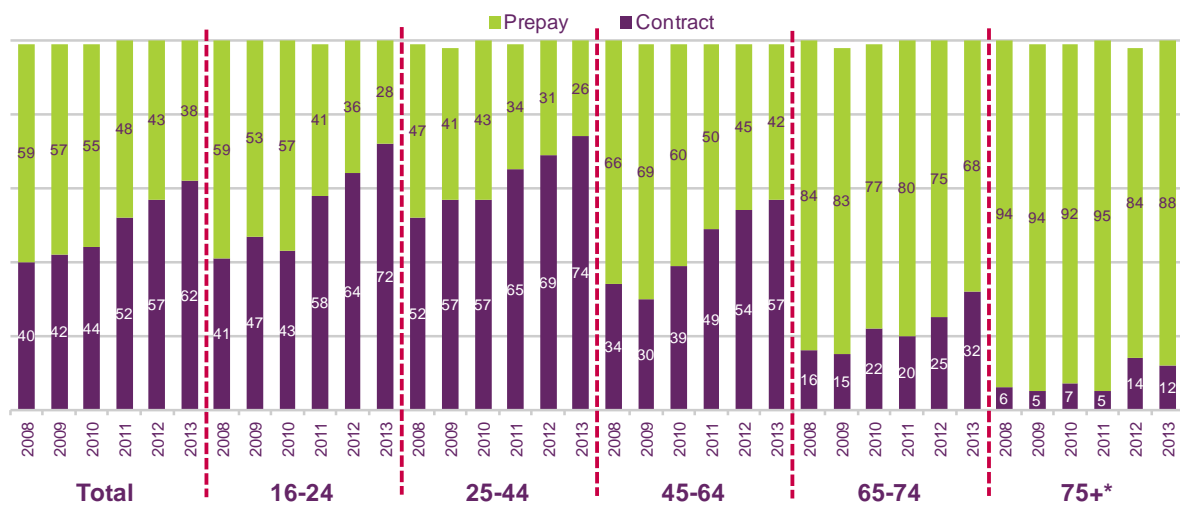
*Note - the comparable contract figure for 2009 is 42% and for 2010 is 44% as data relating to SIM-only contracts have been collected only since 2009

7.1.5 Younger consumers and ABC1s driving shift towards contracts

The following charts illustrate the changing profile of pre-pay and contract users.

This shift in mobile payment choices is across all except the oldest age group (75+). Both the 16-24 and the 25-44 age groups continue to move to mobile contracts, with those aged 45-64 showing slower levels of movement than in 2012. Consumers aged between 65 and 74 continue to predominantly have a pre-pay contract (68%), although just under one in three (32%) now have a contract, an increase on 2012 (25%). Those aged 75 or older continue to be most likely to have a pre-pay contract, with just under nine in ten (88%) favouring this type of payment (Figure 100).

Figure 100 Pre-pay and contract users, by age

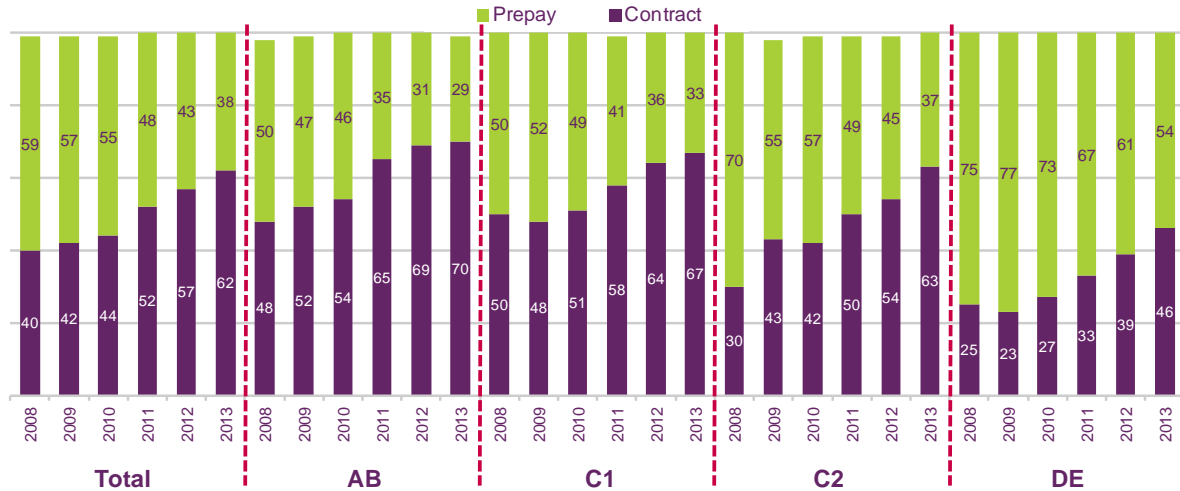


Source: Ofcom communications tracking survey

Base: Adults 16+ who personally use a mobile phone (Q2 2008, 1699) (Q2 2009, 1835) (Q2 2010, 1892) (Q2 2011, 2543) (Q2 2012, 2582) (Q2 2013, 2595) * Small base size; treat as indicative only.

All socio-economic groups experienced a decline in use of pre-pay mobiles (Figure 101), although use continues to remain highest among DEs. The level of change among those in both AB (29% vs. 31%) and C1 (33% vs. 36%) was less pronounced in 2013 than in previous years.

Figure 101 Socio-economic profile of pre-pay and contract users



Source: Ofcom communications tracking survey

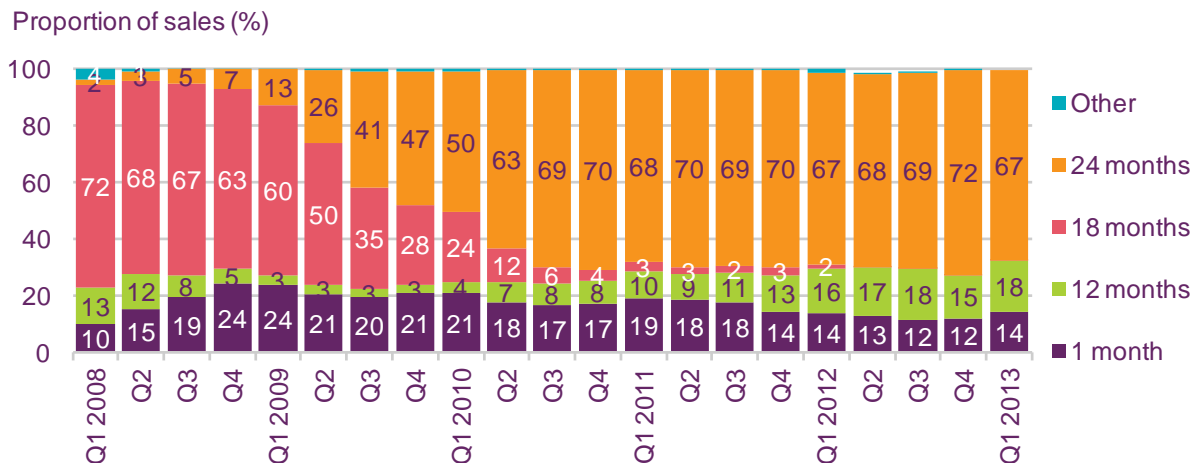
Base: Adults 16+ who personally use a mobile phone (Q2 2008, 1699) (Q2 2009, 1835) (Q2 2010, 1892) (Q2 2011, 2543) (Q2 2012, 2582) (Q2 2013, 2595)

7.1.6 Two-thirds of new mobile contracts had a minimum period of 24 months in Q1 2013

GfK sales data shows (Figure 102) that two-thirds of new pay-monthly mobile sales in Q1 2013 had a minimum contract period of 24 months, unchanged from 2012. However, 18-month contracts, which accounted for almost three-quarters of contract sales five years ago, had all but disappeared by Q1 2013, partly due to increasing smartphone take-up (as longer contracts enable consumers to spread the cost of the handset, which can be hundreds of pounds, across more monthly payments, therefore keeping monthly rental fees down).

In total, 32% of new mobile contracts had a minimum term of 12 months or less in Q1 2013, up two percentage points compared to Q1 2012. All of the 14% of new connections that were one-month contracts, and many of those with a 12-month minimum term, are likely to be SIM-only contracts, under which the user receives a new SIM to be used in a mobile handset that they already own. These have proved to be popular with consumers, as SIM-only contracts are usually much cheaper than those which include a new handset.

Figure 102 Length of new mobile contract connection



Source: GfK Retail and Technology UK Ltd, *Contract Length Sales of new Mobile Connections*
 Notes: England, Scotland and Wales only (excludes Northern Ireland); based on GfK's coverage of 94% of the consumer market; based on new post-pay connections; excludes contract renewals; only represents sales through consumer channels (i.e. most business connections are excluded)

7.2 Billing preferences

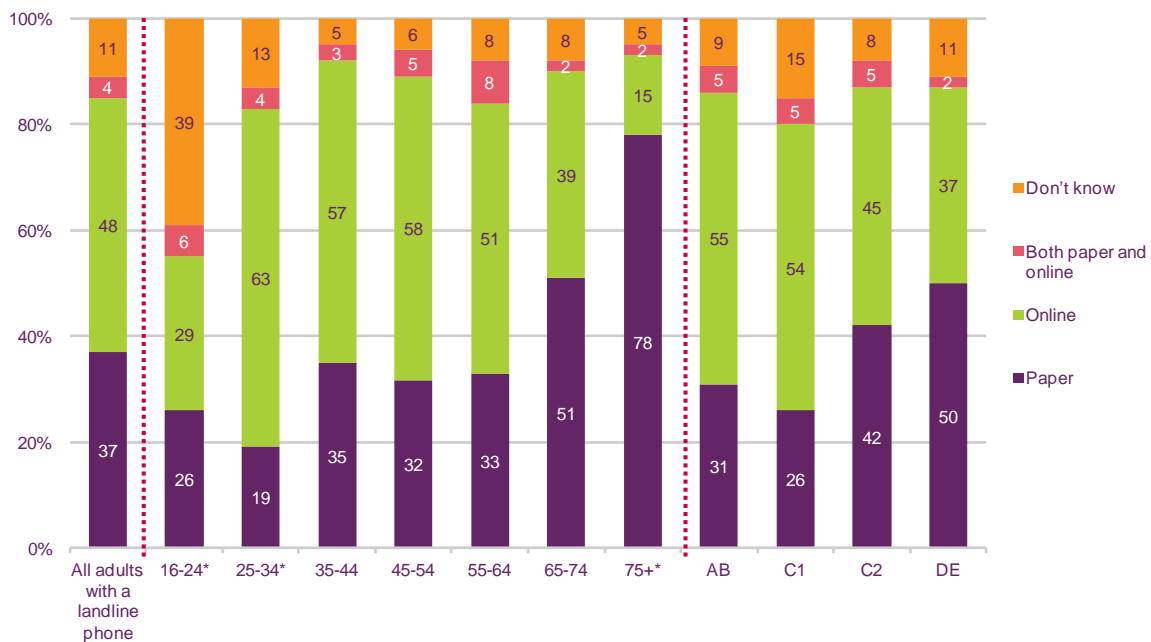
7.2.1 Just under half of consumers receive their landline bill online

Among those who have a landline phone, just under half (48%) of adults receive their billing online only. The second most common method of receiving a bill is paper (37%), followed by 4% who receive both online and paper bills (Figure 103).

Within the different age groups, the levels of those who receive an online bill declines significantly for those aged over 65. Over half (51%) of those aged between 65 and 74 favour a paper bill, with the difference between online and paper bills even greater among those aged over 75 years old. Younger landline users were the most likely to state that they don't know how they receive their bill.

About half of those in the AB (55%) and C1 (54%) socio-economic groups use online billing, compared to just under four in ten (37%) of those in socio-economic group DE. Those in the DE socio-economic group are far more likely to favour paper billing (50%) than those in the AB (31%) and C1 (26%) groups.

Figure 103 Methods of receiving a landline bill, by age and socio-economic group



Base: All GB adults with a landline phone (786)

Source: Consumer concerns tracker, Kantar Media omnibus November 2013

*Caution: Base size less than 100; treat as indicative only

7.3 Spend and pricing of UK communications services

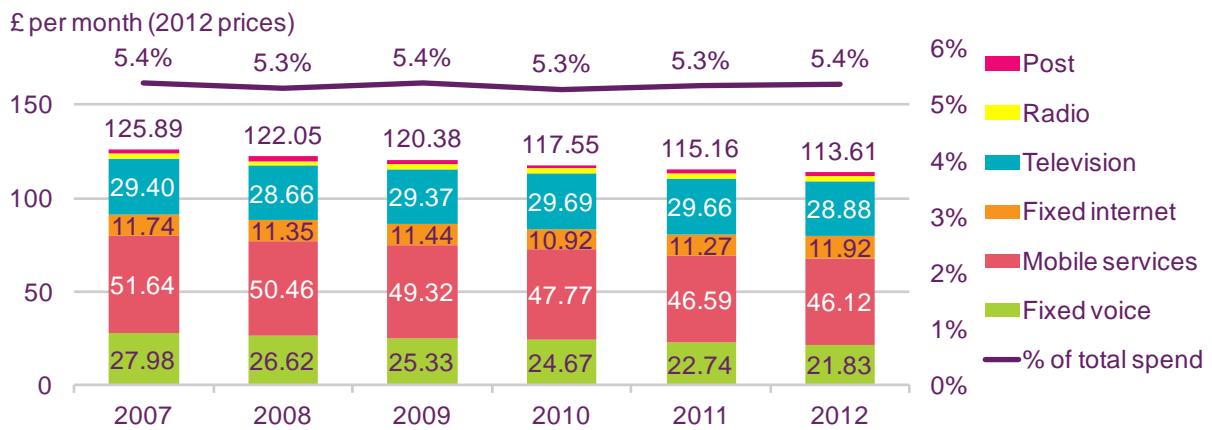
7.3.1 Change in spend on residential communications services

Average UK household spend on communications services fell in real terms (i.e. adjusted for inflation) in 2012, the most recent year for which data were available (Figure 104). UK households spent an average of £113.61 per month on communications services in 2012, £1.55 (1.3%) less than in 2011 and £12.28 (9.8%) less than in 2007. This was equivalent to 5.4% of total household spend in 2012,⁴⁹ slightly lower than in 2011 and unchanged from 2007. Average household spend fell for all services in 2012 except fixed internet services, where it increased by 5.8% to £11.92 as a result of growth in household take-up of fixed broadband services and consumers switching to superfast services (i.e. those with a headline speed of 'up to' 30Mbit/s or higher).

Average monthly household spend on mobile services fell by 1.0% to £46.12 during the year, despite the growing use of mobile data services that is attributable to increasing smartphone take-up. Average spend on fixed voice services fell by 4.0% to £21.83 in 2012, largely as a result of falling call volumes (which declined by 8% during the year), while average spend on TV services fell by 2.6% to £28.88, and average spend on radio (which is funded via the TV licence fee) declined by 1.3% to £2.69 per month. Average household spend on post was unchanged at £2.17 per month during the year.

⁴⁹ Or 3.4% of average gross annual income.

Figure 104 Average household spend on communications services



Source: Ofcom / operators / ONS

Notes: Fixed voice spend includes the price of fixed-line access; TV includes pay-per-view; figures are adjusted for RPI; includes VAT; figures differ from those published in the 2013 *Communications Market Report* as they have been amended to reflect more accurate data.

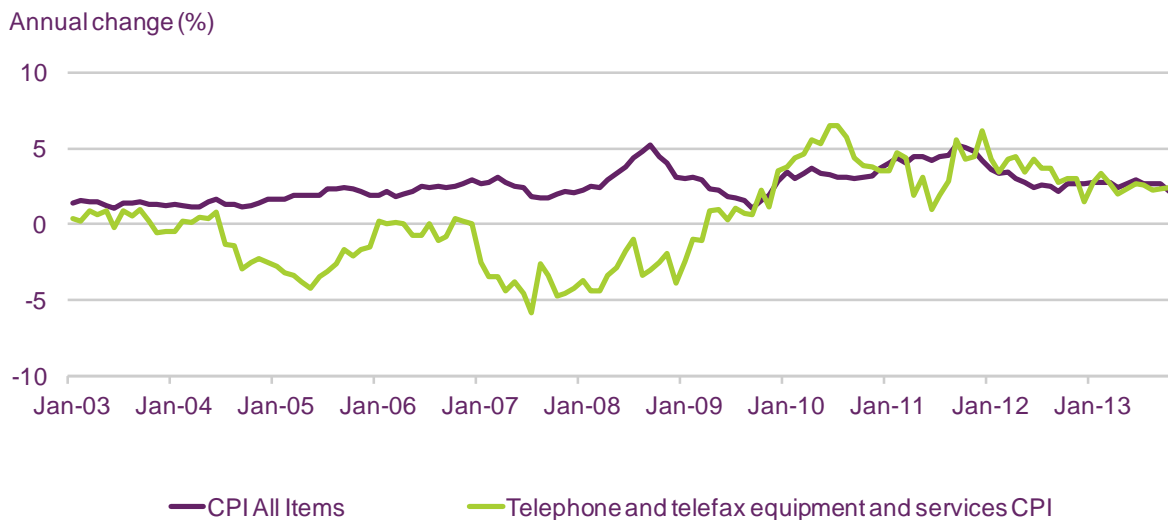
7.3.2 Pricing of services

The pricing index, which includes telecom services, continued to increase faster than the overall consumer price index in 2013

The Office for National Statistics tracks the prices of ‘baskets’ of services in order to monitor inflation levels. This analysis shows that for much of the period from 2009 onwards, the rate of increase in the price of the ‘telephone and telefax equipment and services’ basket (which includes telecoms services and hardware) was higher than the overall rate of inflation (Figure 105).⁵⁰ Prices of telecoms services and equipment continued to increase into 2013, with the ONS ‘telephone and telefax equipment and services’ index increasing by 2.5% in the year to October 2013, higher than the overall increase in the consumer price index (2.2%).

⁵⁰ Fixed voice telephony, mobile telephony and internet services (including cable and bundled services) made up 94% of the ‘telephone and telefax equipment and services’ index in 2012.

Figure 105 Year-on-year changes in consumer price indices



Source: ONS

Note: This chart shows CPI figures, whereas we use the retail prices index (RPI) when we adjust for inflation elsewhere in this section of the report.

7.3.3 Fixed voice pricing

Ofcom commissions pricing consultancy Teligen to collect data on all tariffs available from the largest retail providers, in July each year, in order to track the price of UK residential communications services. The pricing model then identifies the minimum price required to fulfil ‘baskets’ of communications services using each of these operators’ tariffs, these baskets being designed to be representative of the communications needs of five ‘typical’ households.⁵¹

Although most UK consumers now purchase fixed voice services as part of a bundle (Figure 95 shows that the proportion of homes buying bundled communications services increased from 40% to 60% in the five years to Q1 2013), some consumers still purchase fixed voice services on a stand-alone basis. In order to monitor residential fixed voice service prices for consumers who purchase fixed voice telephony services on a stand-alone basis, we calculate a ‘weighted average’ price from the cheapest prices available to fulfil the fixed voice usage requirements across our household profiles, using the stand-alone tariffs offered by the three largest residential fixed telecoms providers, weighted by their retail market shares.⁵²

The analysis indicates that ‘weighted average’ stand-alone fixed voice prices increased for all but one of the household types (Household 1) between July 2012 and July 2013, and the overall price of fulfilling the usage requirements of all four baskets increased by 9.5% in nominal terms (and by 6.2% when inflation is taken into account) over the same period (Figure 106). However, Virgin Media withdrew its stand-alone fixed voice services between July 2012 and July 2013, and excluding Virgin Media from the weighted average in 2012 (to enable a like-for-like comparison of tariffs) shows that the cost of all four baskets increased in 2013, with the average increase across all four being 16.2% in nominal terms and 12.7% when inflation is taken into account.

⁵¹ These baskets allow the comparison of prices with those in previous years, but do not necessarily indicate the prices paid by average consumers as they may not reflect average consumers’ use, nor do they consider tariffs available from providers other than the largest three providers in each market. In addition, the weighted average the calculation assumes that stand-alone consumers are on the optimal tariff for their usage profile, which will seldom be the case.

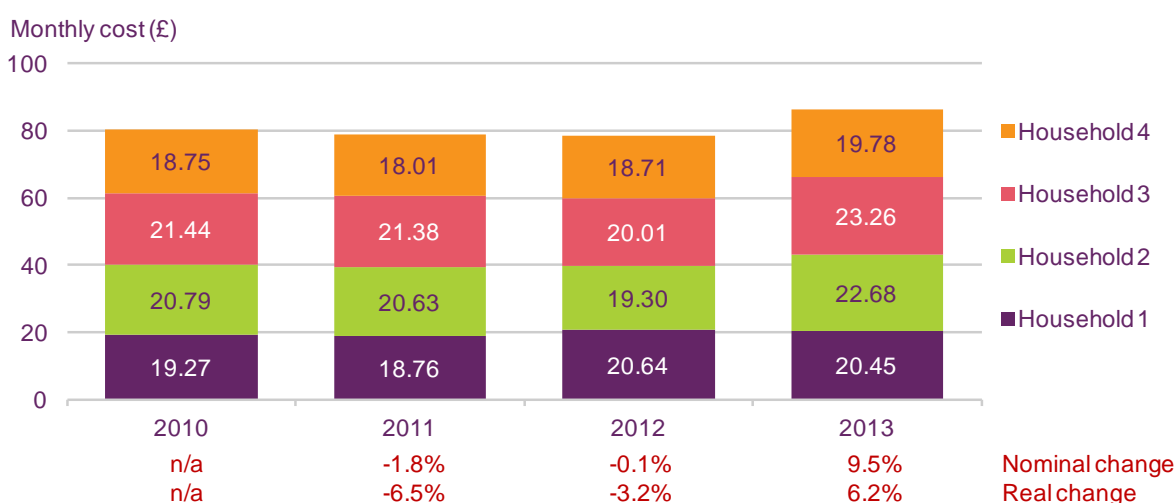
⁵² ‘Fixed voice’ is taken to mean ‘calls plus access’ throughout this section of the report.

It is notable that there is little variation between the price of the baskets, with the monthly price of Household 3 (which has the highest use, at 500 minutes per month) being just £3.48 per month more than that of Household 4 (which has the lowest use, at 200 minutes per month). This suggests that the cost each of Household 3's additional call minutes is low, at around 1.2 pence per minute, although it should be noted that these households have slightly different calling profiles. The low cost of each additional call minute is partly because many of the tariffs feeding into the weighted averages include a bundled call allowance (for example, 'free' evening and weekend calls), so consumers can make some types of call at no additional cost.

As shown previously in Figure 98, over half of all UK homes (55%, equating to almost two-thirds of homes with a landline service) purchased a fixed voice service along with other communication services as part of a bundle in Q1 2013. As a result, the analysis of stand-alone fixed voice telephony pricing is not relevant to the majority of UK fixed-line users (an analysis of bundled service pricing can be found later in this section). However, Figure 114, later in this section, shows that older and less affluent households are less likely to purchase bundled landline services, and stand-alone pricing is therefore likely to be more relevant to these consumers.

Figure 106 Stand-alone fixed-line voice: weighted average prices for typical baskets of voice services: 2010 to 2013

	Household 1	Household 2	Household 3	Household 4
'Typical household type'	A retired low-income couple	A couple of late adopters	A 'networked' family	Affluent couple with sophisticated use
Outbound call minutes	300	400	500	200
Type of calls	97% UK geographic, and 3% UK mobiles	94% UK geographic, 3% UK mobiles and 3% international	91% UK geographic, 2% UK mobiles and 7% international	80% UK geographic, 12% UK mobiles and 8% international
Time of day	58% daytime, 25% evening and 17% weekend	58% daytime, 25% evening and 17% weekend	59% daytime, 25% evening and 16% weekend	59% daytime, 25% evening and 16% weekend



Source: Ofcom / Teligen

Note: Tariff data collected in July each year; nominal prices; includes VAT.

Average calls to mobiles and international call charges are falling, although the average across all call types has increased

We are able to calculate average residential per-minute fixed voice call charges, using revenue and call volume data provided to Ofcom by telecoms providers. These data include use by consumers buying landline services on both a stand-alone and a bundled basis (operators are asked to allocate a proportion of bundled service revenues to fixed voice services), and we include line rental fees in the calculation of the average price of calls to UK geographic numbers.

Our analysis shows that the average price of a residential fixed voice call minute increased by 6.2% in real terms in 2012 (Figure 107). This was largely the result of an increase in the average price per minute of calls to UK geographic numbers (which make up over 85% of total call volumes for the call types shown below); it increased by 9.4% during the year (again, in real terms) due to two main factors:

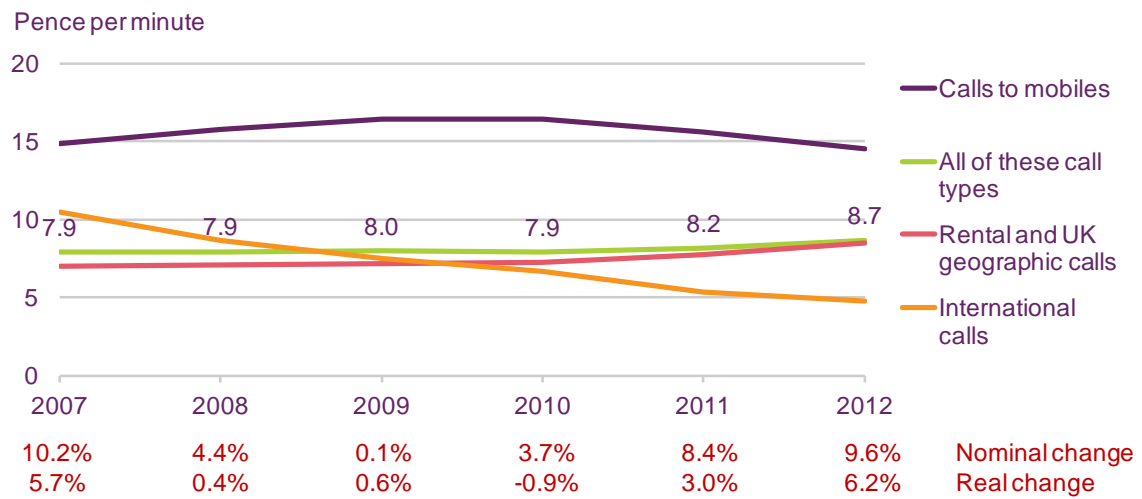
- **Increasing line rental fees:** the result of higher line rental prices (BT, TalkTalk, Virgin Media and Sky increased their standard line rental charges by an average of 6% in nominal terms in 2012) and increasing numbers of consumers buying line rental services that include additional 'free' bundled calls or reduced-rate calls in return for a higher monthly fee.
- **Falling call volumes per line:** average monthly outgoing call minutes to UK geographic numbers per residential fixed line fell by 9% in 2012, so a larger proportion of the line rental/call bundle fee has been allocated to each call minute when calculating an average pence-per-minute call charge.

The average price of a call from a UK fixed phone to an international destination fell by over 10% in real terms, to 4.8 pence per minute, in 2012. This was less than half the 10.5 pence-per-minute average in 2007, and was a result of traditional fixed-line operators having reduced prices in order to compete with low-priced international mobile call tariffs and those offered by voice over IP (VoIP) providers. Most major UK residential fixed-line operators now offer service 'add-ons' which give either discounted or 'free' international calls for consumers who pay an additional monthly fee: BT offered a number of international calling plans in January 2014, while TalkTalk customers were able to purchase a call 'add-on' offering 500 minutes of calls to certain international destinations for £5 per month.⁵³

The average pence-per-minute charge for residential fixed-to-mobile calls fell by 7.0% to 14.5 pence per minute in 2012, partly due to a reduction in mobile termination rates, which has enabled fixed providers to cut the price of calls and introduce 'add-ons' that include calls to mobiles.

⁵³ <http://sales.talktalk.co.uk/product/boost/18213>

Figure 107 Average per-minute residential fixed voice call charges



Source: Ofcom / operators

Note: Nominal prices; Includes estimates where Ofcom does not receive data from operators; calculation of total and UK geographic calls prices includes line rental revenues; excludes non-geographic voice calls; adjusted for RPI; excludes VAT.

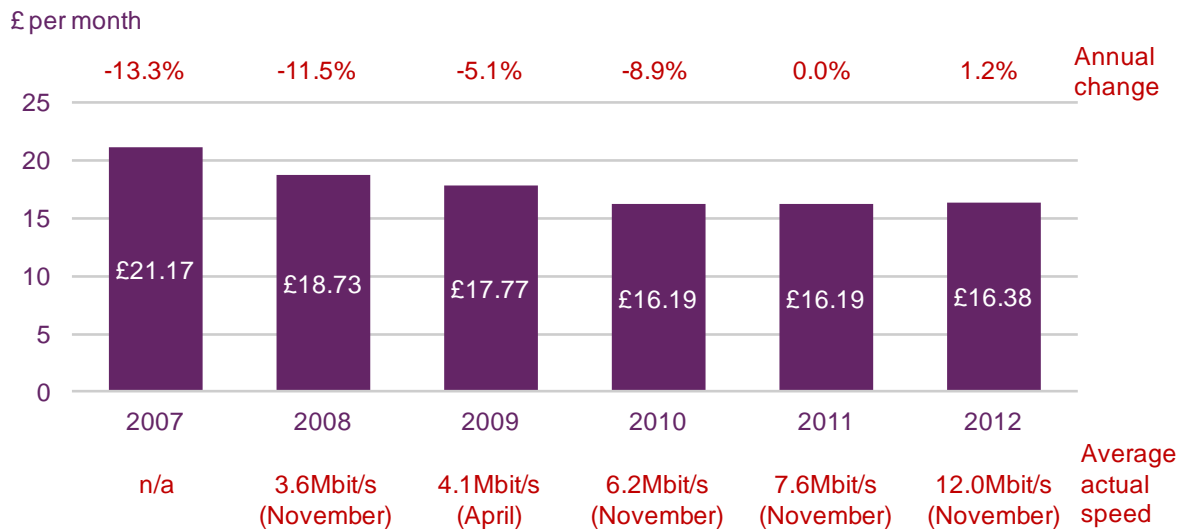
7.3.4 Fixed broadband pricing

Average revenue per residential fixed broadband connection increased in 2012 as a result of growing take-up of superfast services

We are able to calculate the average price of a residential fixed broadband connection from connection and revenue data provided to Ofcom by ISPs (Figure 108). When compiling these figures, ISPs split revenues from bundled services across the services included in the bundle, so the figures below should be purely for the fixed broadband element of any bundled services, and are based on the accounting conventions used by the ISPs to allocate bundled revenues. Our figures indicate that the average price of a residential broadband connection increased by 1.2% to £16.38 in 2012, having been unchanged in 2011.

Increasing average revenue per residential fixed broadband connection is to a large extent a result of consumers switching to superfast broadband services, (i.e. those with an advertised speed of 30Mbit/s or more), which typically command a price premium of £5 to £10 a month over standard broadband services. Ofcom data show that in the year to May 2013 the proportion of UK residential fixed broadband connections that were superfast increased (from 8% to 19%),⁵⁴ and this change in the mix of fixed broadband services (rather than increasing prices for either standard or superfast services) has resulted in increasing average revenues per connection, and faster average residential fixed broadband download speeds, which increased by from 9.0Mbit/s to 14.7Mbit/s over the same period.⁵⁵

Figure 108 Average monthly price of a residential broadband connection (excluding line rental)



Source: Ofcom / operators

Notes: Figures are adjusted for RPI; includes VAT; includes estimates where Ofcom does not receive data from operators; figures differ from those published in the 2013 *Communications Market Report* as they have been amended to reflect more accurate data.

⁵⁴ <http://stakeholders.ofcom.org.uk/market-data-research/other/telecoms-research/broadband-speeds/broadband-speeds-may2013/>

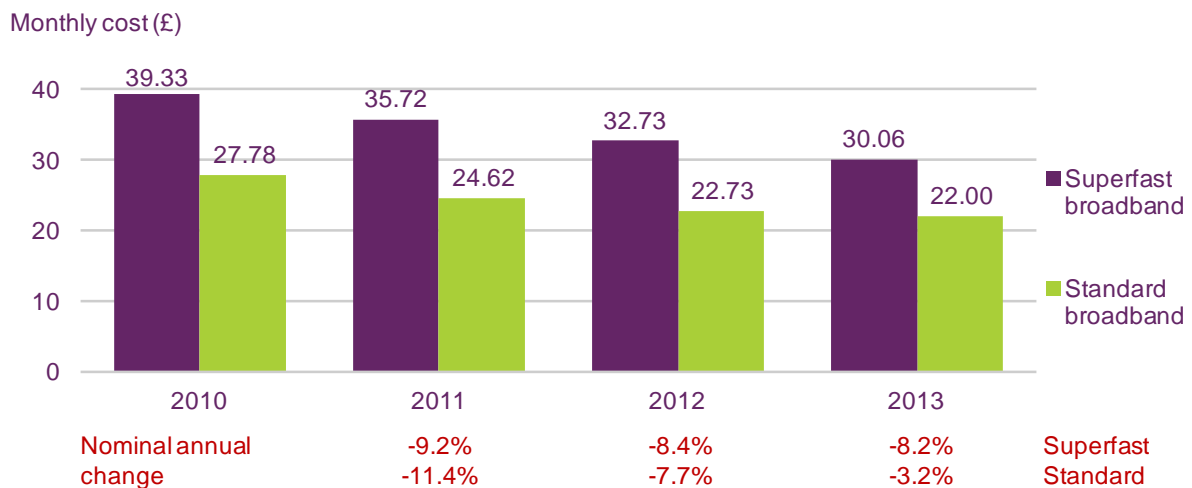
⁵⁵ <http://stakeholders.ofcom.org.uk/market-data-research/other/telecoms-research/broadband-speeds/broadband-speeds-may2013/>

The premium for superfast fixed broadband services is falling

Teligen’s communications service pricing model enables us to compare the lowest price available for a basket of fixed broadband and fixed voice services, using the tariffs provided by those operators that are included in the model. Here we compare two service combinations: a fixed line with 400 minutes of outgoing voice calls together with a fixed broadband connection with a minimum headline speed of ‘up to’ 4Mbit/s and 15GB of data use per month, and a combination which is identical to the first in all respects other than that it requires a superfast broadband connection (i.e. one with a headline speed of at least ‘up to’ 30Mbit/s).

This analysis shows that the lowest prices available for both service combinations continued to fall in nominal terms in the year to July 2013, when the rate of decline in the price of the basket that includes a superfast broadband service (8.2%) was higher than that of the standard broadband basket (3.2%). In 2013, the difference between the lowest price available for each of the baskets was just over £8 per month, down from £10 per month in 2012 and £12 per month in 2010 (Figure 109).

Figure 109 Lowest price available for a basket of voice calls and a fixed broadband service



Source: Ofcom / Teligen

Notes: Nominal prices; based on tariffs available in July each year; includes VAT; fixed voice basket includes 400 voice minutes (94% UK geographic, 3% to UK mobiles, 3% to international destinations), 58% of calls in daytime, 25% in evening, 17% at weekends; basket of services includes special offers available such as discounted line rental for an introductory period.

7.3.5 Mobile pricing

UK mobile prices fell for most of the usage profiles used in our analysis in 2013

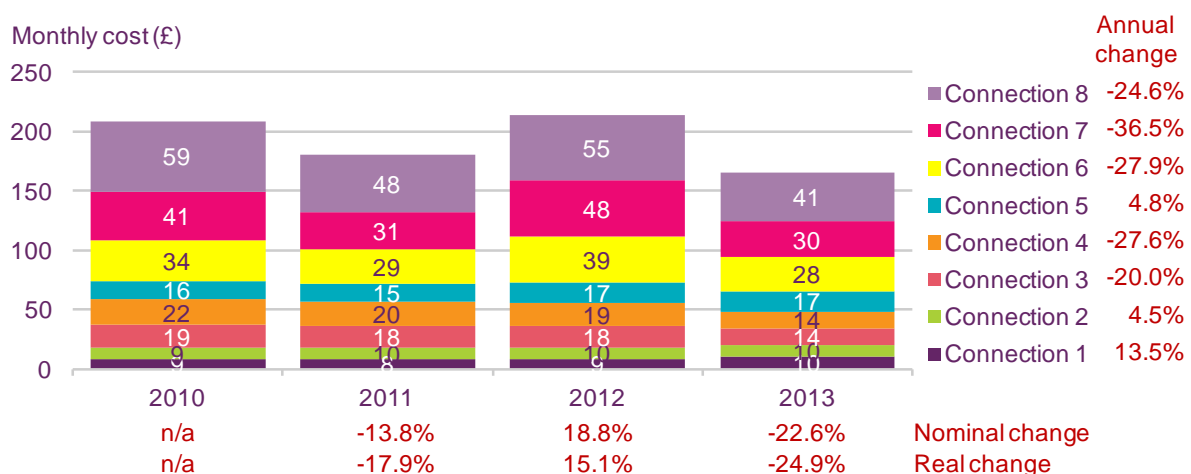
Our annual analysis of the tariffs available from the largest retail communications service providers enables us to track the prices available for eight mobile connections of varying use in the same way that we track those of fixed voice services. Overall, we find that the total ‘weighted average’ price of these eight connections, calculated using the tariffs available from the UK’s three largest mobile providers (EE, O2 and Vodafone) fell by just under a quarter (22.6%) in real terms in the year to July 2013, with the weighted average price of all but three of the connections used in our analysis having fallen during the year (Figure

110).⁵⁶ Post-pay mobile services have proved popular with mobile users in the context of increasing smartphone take-up, as they enable consumers to spread the cost of the handset, which is often several hundred pounds, across the contract's lifetime. As shown in Figure 99, 54% of mobile phone users said that they had a post-pay contract in Q2 2013, up from 51% a year previously.

'SIM-only' tariffs enable consumers to make savings on the cost of their mobile service in return for not receiving a new handset when they sign up to a new mobile service. Instead, they are supplied with a SIM card that they use in a handset they already own, and the mobile provider is able to pass on the lower costs associated with not having to subsidise a new handset, in the form of lower service prices. In the UK, 86% of the tariffs feeding into the UK average best-pricing analysis of our eight connections in July 2013 were SIM-only offers, up from 46% in July 2012 (where a tariff is SIM-only our model factors-in the cost of buying a mobile handset separately).

Figure 110 Composition of mobile phone baskets and weighted average stand-alone prices: 2010 to 2013

	Handset type	Outbound voice minutes per month	Outbound SMS per month	Data use per month
Connection 1	Basic	50	None	None
Connection 2	Basic	50	25	None
Connection 3	Intermediate	150	250	50MB
Connection 4	Intermediate	200	50	200MB
Connection 5	Intermediate	100	300	400MB
Connection 6	Advanced	250	100	300MB
Connection 7	Advanced	300	150	400MB
Connection 8	Advanced	500	200	1GB



Source: Ofcom / Teligen

Note: Calculated from lowest tariff available from each of the three largest mobile operators, by retail market share, in July of each year; nominal prices; includes VAT.

⁵⁶ It should be noted that the tariffs offered by the UK's largest mobile providers are not necessarily the cheapest available to UK consumers. The total weighted average price of the eight connections, calculated using the prices of the three cheapest services offered by the mobile operators whose tariffs are included in Teligen's pricing model, was 32% lower than that calculated using the three largest providers' tariffs in 2013.

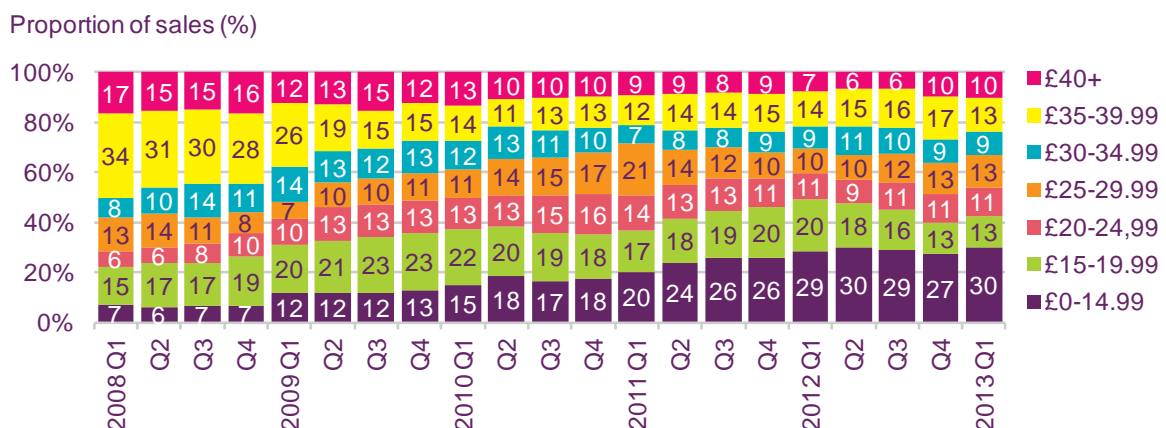
Three in ten new mobile pay-monthly mobile sales have a monthly rental under £15

Figure 111 uses GfK Retail and Technology sales data to show the monthly value of new post-pay mobile contract sales. In Q1 2013 30% of all new post-pay mobile services sold had a monthly rental fee of less than £15 a month, more than four times the 7% proportion recorded in Q1 2008. The increase in the proportion of new post-pay services with lower monthly fees is due to falling mobile prices, and operators trying to migrate pre-pay customers onto low-price post-pay monthly services, including SIM-only tariffs.

The low monthly price of many SIM-only services (SIM-only tariffs were available from as little as £5 a month in January 2014)⁵⁷ and limited contractual commitment, make them attractive to users who continue to use their existing handsets, and in the growth areas of the SIM-only market there is a greying of the distinction between pre-pay and post-pay, so that the traditional definitions of these tariffs do not apply to some services.

Lower prices for pay-monthly services are also associated with longer minimum contract periods, and GfK data also show that in Q1 2013 67% of new mobile post-pay services had a minimum term of 24 months, up from 2% five years previously, and 32% of new post-pay services had a one- or 12-month minimum term, almost all of which will be SIM-only (see Figure 102).

Figure 111 Monthly line rental prices for new post-pay mobile connections



Source: GfK Retail and Technology UK Ltd, contract handset acquisitions: price segments.
 Notes: England, Scotland and Wales only (excludes Northern Ireland); based on GfK's coverage of 94% of the consumer market; based on new post-pay connections; excludes contract renewals; represents sales only through consumer channels (i.e. most business connections are excluded).

7.3.6 Pay-TV pricing

Stand-alone pay-TV prices increased in the year to July 2013

The TV licence fee was unchanged at £145.50 per year (£12.13 per month) for a colour licence in 2013, since the government froze it for six years in 2010. When comparing the price of pay-TV services we use two service tiers:

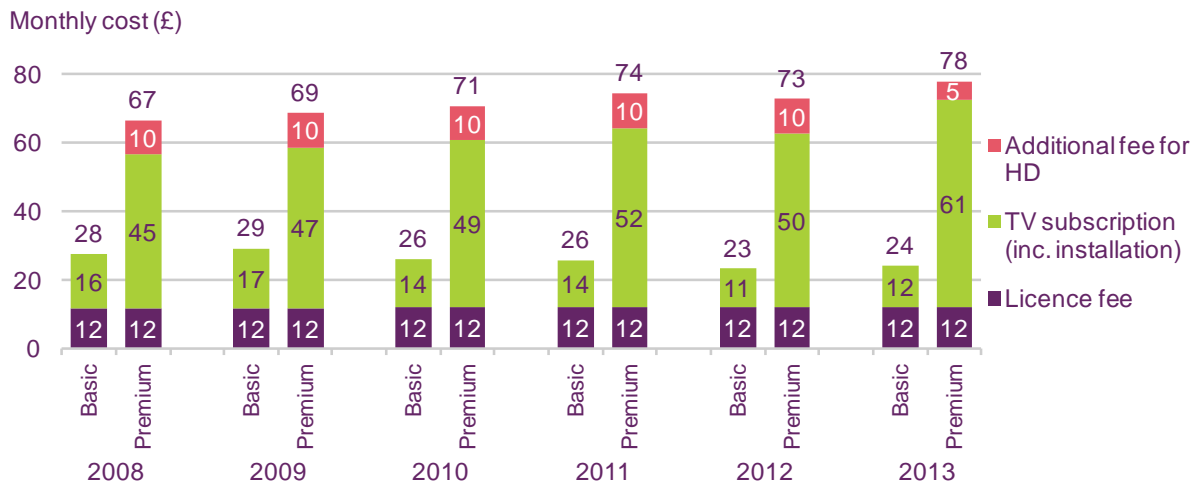
⁵⁷ Talkmobile's lowest cost SIM-only service was £5 per month in January 2014, while Virgin Media offered a £5 per month SIM-only service to its broadband, TV and home phone customers (or £7 per month for those not taking any of these services). At the same time, Vodafone, O2, Orange, T-Mobile and Tesco Mobile's lowest priced SIM-only services all cost between £7.50 and £9 per month.

- **basic pay TV:** a service that includes channels which are not available on free-to-air platforms; and
- **HD premium pay TV:** a package including live Premier League football, first-run Hollywood films, a top entertainment package and HD channels.

As is shown in Figure 112, the lowest price available for a stand-alone basic pay-TV service (including promotional discounts and the cost of hardware/installation, which is amortised over three years) increased by 7% to £12 per month in 2013, although this was lower than the lowest price of a similar service in 2008 (£16 per month). The increase in 2013 was the result of Virgin Media having increased the base monthly charge for its *TV Size M+ with V HD* service (the lowest priced service both in 2012 and 2013) from £13.00 per month to £14.00 per month (in both years a promotion offering half-price rental for six months was available).

The lowest available price for a stand-alone HD premium pay-TV service has increased since 2008, although the number of channels included (particularly the number of HD channels) has increased for these premium services, as has the range of additional services included in a subscription, such as on-demand and 'catch-up' programming. The lowest price available for HD premium pay-TV services was £66 per month in 2013, an 8% increase compared to 2012, as a result of Sky (which provided the lowest-cost services in both 2012 and 2013) withdrawing a promotional discount that had been available in 2012 and increasing the price of its HD premium pay-TV service. In 2012 its lowest-cost HD premium pay-TV service, *Sky World* and *Sky World + HD Mix*, required an additional £10.25 a month to receive channels in HD, giving a total monthly price of £63.25 per month (which was discounted by just over £5 per month for six months), while in 2013 the lowest-priced package, *Sky Entertainment Extra+ with Sky Sports & Movies + HD Mix*, included HD entertainment channels, and required an additional £5.25 per month to view the sports and movie channels in HD, giving a total price of £65.75 per month.

Figure 112 Best price available for pay-TV services



Source: Ofcom / Teligen

Note: Based on stand-alone television tariffs available from Virgin Media and Sky in July each year; includes hardware and installation costs; nominal prices; includes VAT.

7.3.7 Bundled service pricing

Ofcom's *technology tracker* research identifies that 60% of UK households purchased two or more communications services from the same provider as part of a bundle in Q2 2013 (see

Figure 95). It is therefore necessary to consider bundled services as well as stand-alone services when looking at communications service pricing. Figure 113 shows the lowest prices available based on the stand-alone and bundled tariffs offered by the UK's largest providers of residential communications services, for a household purchasing:

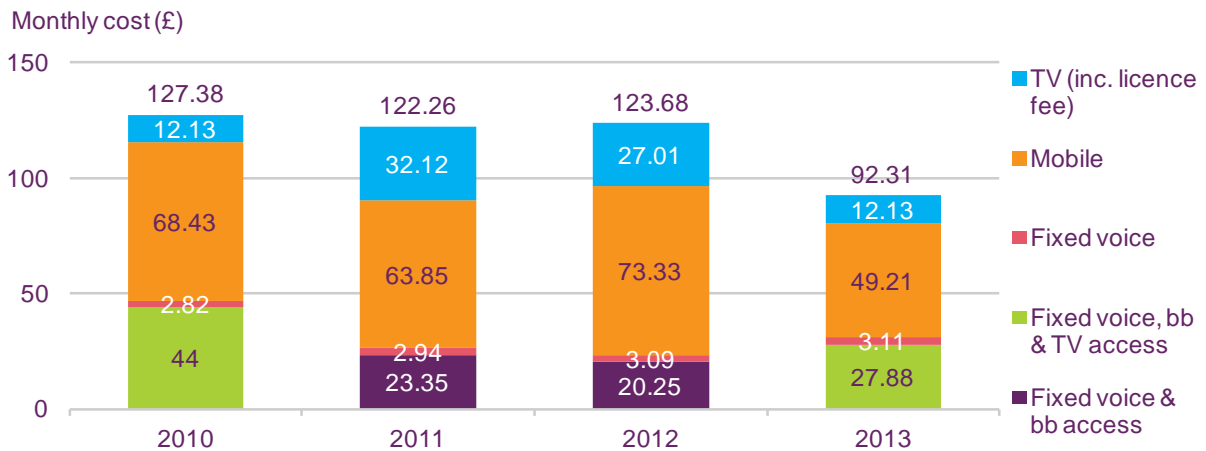
- a fixed voice service with above-average use (500 minutes of outgoing calls per month);
- a fixed broadband connection with an advertised speed higher than 'up to' 10Mbit/s and 50GB of data use per month;
- four mobile phones with varying use of voice calls, SMS messages and mobile data use; and
- a basic pay-TV subscription including HD channels and a DVR.

In all of the three years to 2013, the lowest-priced combination of services required to fulfil this household's usage requirements involved purchasing some of the required services as part of a bundle, and in 2013 the difference between the lowest available monthly price including bundles (£92.31) and excluding bundles (£107.18) was £15 a month, a £14% saving. While in both 2011 and 2012 the lowest-priced combination of services had included a double-play bundle of fixed voice and fixed broadband services, the option in 2013 involved buying a triple-play bundle of fixed voice, fixed broadband and pay TV: TalkTalk's *Plus TV with Line Rental Saver + TV Starter Boost + 100 Mobile Minutes Boost* service. This included TalkTalk's newly-launched TV service, which is based around the YouView free-to-view TV platform, pre-payment of the fixed voice line rental, and a call add-on giving 100 minutes of calls to mobiles for £3 per month.

The household's usage profile includes four mobile phones with varying use of voice, SMS and data services, and the lowest available price for fulfilling the requirements of these four connections fell by a third (33%) to £49.21 in the year to July 2013. The percentage fall in the lowest price available for the connections included in the household's profile ranged from 23% for the connections used by the household's teenage children (requiring an intermediate handset, 100 minutes of outgoing calls, 300 SMS messages and 400MB of data per month) to 45% for the highest-use handset (requiring an advanced handset, 250 call minutes, 100 SMS messages and 300MB of data) during the year.

The total price of the mobile element of the household's usage was the major contributor to the 25% fall in the total lowest available price for the household's usage profile in 2013, although the combined price for the household's fixed voice, fixed broadband and pay-TV also fell, by 14%, during the year.

Figure 113 Lowest prices available for a basket of communications services typical of a ‘networked family’ household (fixed voice, fixed broadband, four mobile phones with differing usage and a basic pay-TV service)



Source: Ofcom / Teligen

Notes: Based on tariffs available from the largest operators (BT, Virgin Media, TalkTalk, Sky, EE, T-Mobile, Vodafone, O2) in July of each year; TV includes the licence fee, the price of a set-top box/decoder and installation; nominal prices; includes VAT.

7.4 How consumers pay for communications services helps determine how much they pay

Landline users are able to make savings by purchasing bundled communications services and/or by paying their fixed-line rental in advance. Differing levels of take-up of these tariffs will affect the actual prices paid for a basket of fixed telephony, fixed broadband and pay-TV services, and we find that while there is some variation in the use of line rental pre-payment tariffs across age groups and socio-economic profiles, levels of service bundling differ significantly. By combining Ofcom research data and the outputs of Teligen’s residential pricing database, we conclude that, as a result of the payment choices that people are making, it is likely that certain types of consumer would pay more for this basket of services than others.

7.4.1 Many consumers are able to mitigate increasing residential stand-alone fixed telephony prices by purchasing bundled services and/or line rental pre-payment tariffs

As shown in Figure 106 and Figure 107 of this report, we have found evidence of increasing UK residential landline prices, particularly for those consumers who purchase landline services on a stand-alone basis. While the increase in stand-alone residential landline service prices, and in particular monthly line rental fees, has been notable, consumers are able to mitigate these price increases by altering the way in which they purchase communications services.

One way of doing this is to buy landline services in conjunction with other communications services from the same provider as part of a bundle, as doing so typically costs less than purchasing each service separately. Another way is by taking advantage of a recent development in residential fixed line tariffing, the introduction of line rental pre-payment tariffs. These are now offered by all of the UK’s largest residential landline providers, and enable consumers to make savings on the price of the line rental element of their service by

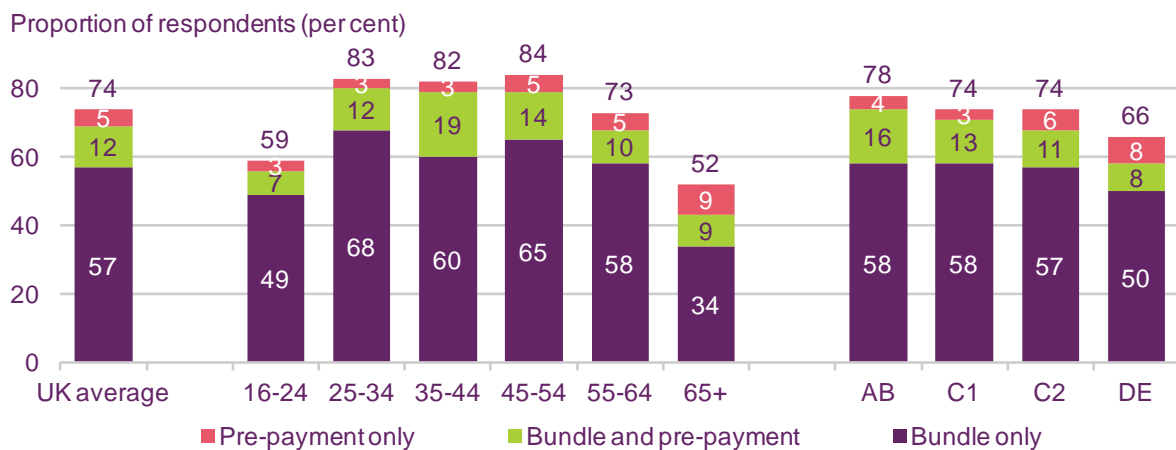
paying an up-front amount (typically between £110 and £150 per year) instead of a monthly line rental fee of around £15 to £16 (£180 to £192 per year).

7.4.2 Seventeen per cent of landline users pre-paid their line rental in Q2 2013

Ofcom research suggests that in Q2 2013 69% of UK homes with a landline purchased a bundle of services from the same provider, and 17% took advantage of line rental pre-payment tariffs (Figure 114). Overall, almost three-quarters of homes with a landline (74%) bought a bundle and/or a line rental pre-payment tariff, with 12% taking both. There was significant variation in the take-up of bundles and line rental pre-payment tariffs across different age groups and socio-economic profiles. This was largely driven by differences in levels of bundling, with use of either or both of these tariff types being slightly lower than average among landline users aged 16 to 24 (59%), and highest (at over 80%) among the 25 to 34, 35 to 44 and 45 to 54 age groups, after which take-up declined with age (it was lowest among those aged 65+, at just 52%). There was less variation by socio-economic group, with use of either or both of these tariff types ranging from 66% among DE households to 78% among AB households.

Take-up of line rental pre-payment tariffs was lower than that of bundles, partly because these tariffs are a relatively recent development in residential fixed-line pricing and require an up-front fee of over £100. In Q2 2013 take-up of pre-payment tariffs ranged from 10% of landline users aged 16 to 24 to 22% among those aged 35 to 44, compared to bundle take-up, which ranged from 43% of those aged 65+ with a landline to 80% of those aged 25 to 34. There were relatively small differences in the use of line rental pre-payment services across different socio-economic groups, with take-up being highest among AB homes at 20% and lowest among C1 and DE homes at 16%.

Figure 114 Take-up of bundled and line rental pre-payment among those with a home landline, by age and socio-economic group



Source: Ofcom research

Base: All adults aged 16+ with a landline at home

7.4.3 A basket of services was used to see how bundle and pre-payment take-up might affect the prices paid by different consumer types

With levels of bundling and line rental pre-payment tariffs varying significantly among consumers, we undertook analysis to indicate how these differences might affect the price paid for a bundle of communication services by different demographic groups. In order to do this, we used a model provided by pricing consultancy Teligen, and constructed a basket of

fixed telecoms and TV services based on average UK use, as indicated by Ofcom consumer research and data provided by telecoms providers.

This basket comprises a landline with residential use of UK geographic calls, outgoing international calls and calls to mobiles, based on 2012 averages, a fixed broadband connection and a basic pay-TV service with a PVR, and is detailed in Figure 115 below.

Figure 115 Basket of ‘average’ residential fixed telecoms and TV services

Service	Basket requirement
Fixed telecoms	Landline with 207 minutes of outgoing calls per month: <ul style="list-style-type: none"> • 58% local calls • 28% national calls • 7% calls to mobiles • 7% outgoing international calls
Fixed broadband	Fixed broadband connection with a headline speed of above 10Mbit/s and 30GB of data use per month
Pay-TV	A basic pay-TV service (i.e. without Premier League football and first-run Hollywood films) with a PVR

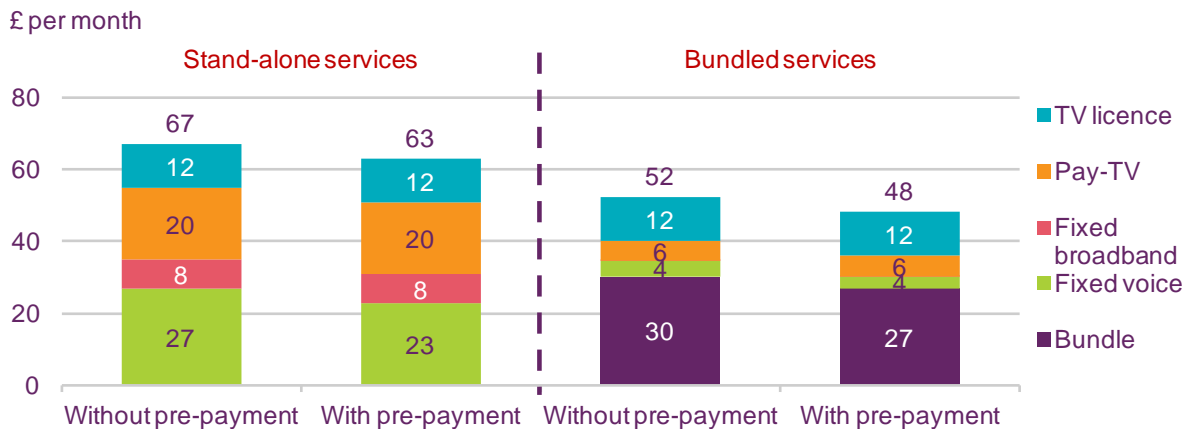
Source: Ofcom

7.4.4 Savings related to bundling are greater than those from line rental pre-payment

We then calculated the average prices of fulfilling the requirements of this basket of fixed voice, fixed broadband and pay-TV services, using the different combinations of bundled and line rental pre-payment tariffs that were offered by the providers whose July 2013 tariffs were included in Teligen’s pricing model. These averages were calculated using the lowest prices available to fulfil the requirements of the basket, from three different providers (or fewer, if there were fewer than three suitable tariffs).

For stand-alone services, the average price was calculated from these three prices, weighted by the market shares of the providers of each service. For bundled services, we used a simple average of the lowest total prices available, using bundles, as bundled service market shares are not available. When calculating average bundled service prices, the bundle did not have to include all three services, and could be a dual-play bundle of two services, with the third being purchased on a stand-alone basis. The results of this analysis are shown in Figure 116 below. This shows that average basket prices were £15 per month lower when the services required by the basket were purchased as, or as part of, a bundle, rather than on a stand-alone basis, while line rental pre-payment enabled a further saving of around £4 per month.

Figure 116 Average price of different tariff combinations for a basket of residential fixed voice, fixed broadband and pay-TV services



Source: Ofcom

Note: Includes the TV licence fee; includes VAT.

7.4.5 Lower levels of bundling and pre-payment may mean that older and less affluent consumers pay more for their services

In order to estimate an indicative price paid for this UK average bundle of fixed telecoms and pay-TV services, by different types of consumer, we calculated an average price for each age and socio-economic group. In order to do this we used the bundle and the line rental pre-payment take-up figures in Figure 114, and the tariff combination pricing data shown in Figure 116. This enabled us to assess which groups may be benefiting most (and least) from the availability of bundled and line rental pre-payment tariffs.

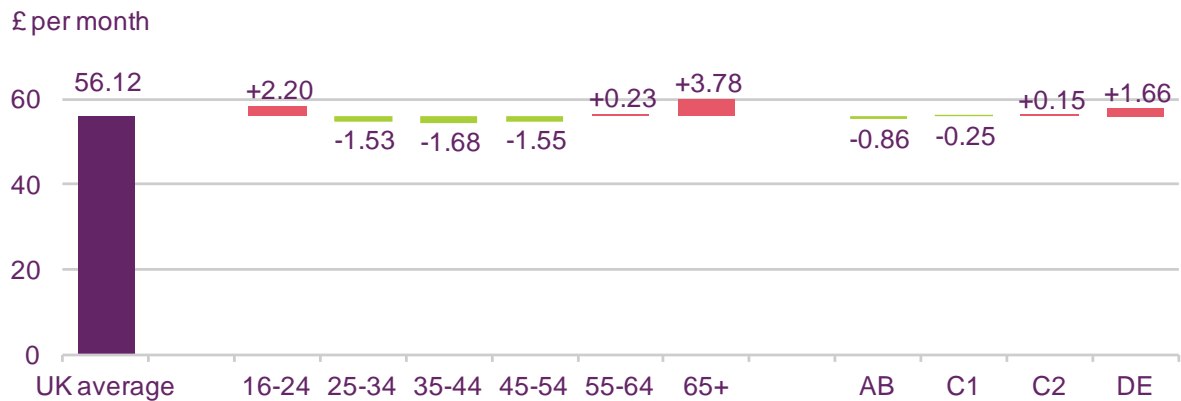
The methodology used to calculate the price-paid estimates shown below means that the figures below can be considered as indicative only, as they do not take into account a number of factors which are important when comparing spend levels among different types of consumer. For example, as the basket is designed to represent ‘average’ UK use, it does not take into account variations in levels of service take-up and use among different demographics (for example, older consumers are less likely to have a home broadband connection, average monthly minutes of outgoing fixed voice calls will vary among consumers, and take-up of superfast broadband services will be higher among some demographics than others).

The basket also excludes mobile handset and dedicated mobile broadband services, and the tariff combination prices which feature in the calculation do not include bundles that include mobile services (although the bundle take-up figures do). Similarly, the model does not include reduced-cost landline services that are aimed at those on low incomes, such as BT Basic, and our analysis does not take into account the different bundle combinations that are available to consumers, or their take-up.

The indicative price of fulfilling the basket’s requirements, across all consumers, was £56.12 per month (Figure 117). Our analysis suggests that there were three age groups which may have paid more than this average for the basket of services: those aged 16 to 24 (whose indicative price paid was £2.20 per month above the average), those aged 55 to 64 (23 pence above the average) and those aged 65+ (f £3.78 above the average). Similarly, C2 and DE households were the only socio-economic groups whose estimated monthly prices were above the UK average, by 15 pence and £1.66 per month respectively. All of the other age and socio-economic groups’ estimated prices paid were below the UK average, with the

savings ranging from 25 pence per month among C1 households to £1.68 per month for those aged 35 to 44.

Figure 117 Variation from the UK average in estimated prices paid for a bundle of residential fixed telecoms and TV services, by age and socio-economic group



Source: Ofcom, using data provided by Teligen; includes VAT.

7.5 International comparisons of the price of communications services

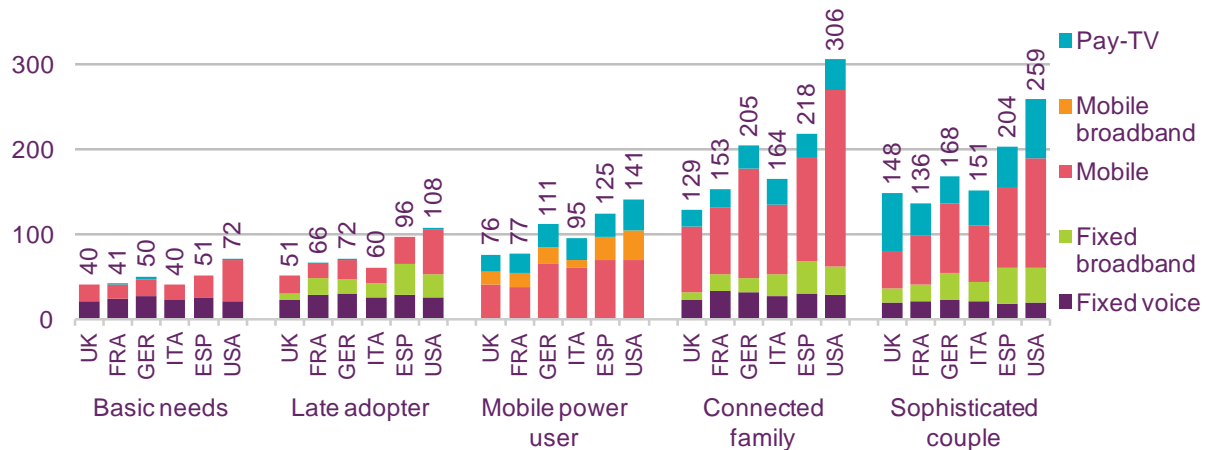
7.5.1 UK communications service prices compare favourably with those in other countries

In Ofcom's *International Communications Market* reports, we compare the prices available to UK consumers with those available in France, Germany, Italy, Spain and the US.⁵⁸ This analysis defines communications service usage profiles for five 'typical household' types: a retired low-income couple with basic communications service needs, a couple of 'late adopters', a mobile-only 'power user', a 'networked family', and an affluent couple with sophisticated use. In Figure 118 below we consider the prices available to these households on a stand-alone basis (i.e. excluding bundles) by calculating a weighted average price for each service (the average of the lowest prices from the three largest operators for each service, weighted by their retail market shares).

In 2013, the UK had the lowest weighted average prices for three households (the 'late adopter', 'mobile power user' and 'connected family' households) and the second lowest prices for the remaining two household profiles. Comparatively low stand-alone prices in the UK are to a large extent driven by lower prices for mobile phone services in the UK (the UK had the lowest weighted average prices for four of the eight mobile connections across our households, and the lowest total weighted average across all eight connections), although the UK also had the lowest weighted average stand-alone prices for fixed voice and fixed broadband services.

⁵⁸ <http://stakeholders.ofcom.org.uk/market-data-research/market-data/communications-market-reports/>

Figure 118 Comparative ‘weighted average’ pricing of single services for baskets of communications services typical of five household types



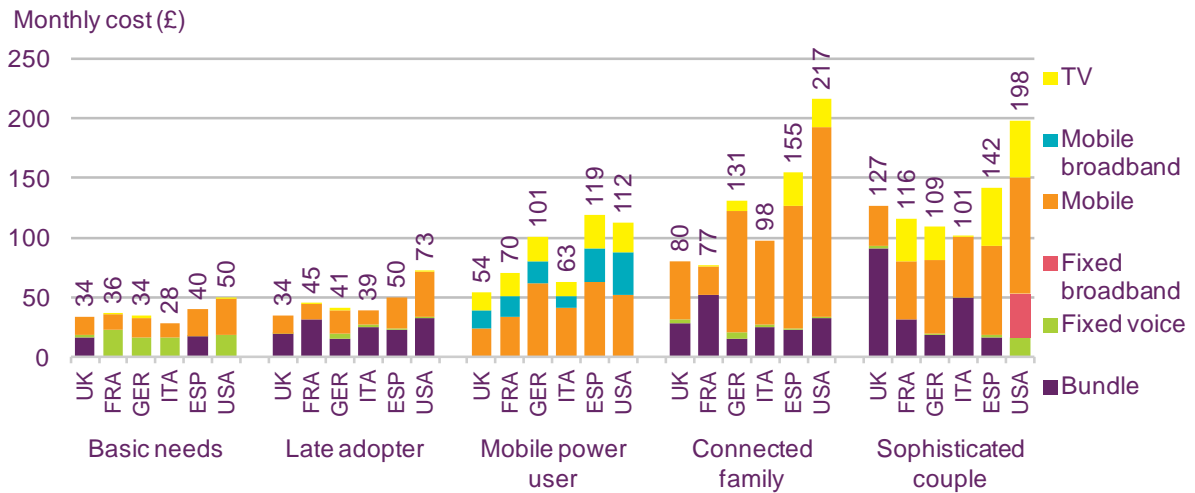
Source: Ofcom / Teligen

Note: Based on weighted average of the best tariffs available from the three largest operators in each country in July 2013; PPP adjusted; includes VAT; TV excludes the licence fee.

7.5.2 Two of the five lowest basket prices were found in the UK in 2012

The pricing model also enables comparison of the lowest household prices available from the largest operators in each country, including when this is achieved by buying some or all of the required services in a bundle (Figure 119). Again, UK prices compared favourably with those available in other countries in 2013. Overall prices in the UK were lowest for two of the five households (the ‘late adopter’ and ‘mobile power user’ households) and second lowest for the ‘basic needs’ and ‘connected family’ households. The UK had the third highest prices for the ‘sophisticated couple’ household, largely because it had comparatively higher prices for HD premium pay-TV services. However, this is partly due to the way in which TV content is bundled in the UK (the lowest-priced UK HD premium pay-TV service included over 400 channels, while the average across the lowest-priced services in the other five countries was 111 channels).

Figure 119 Comparison of lowest-priced services, including multi-play, for baskets of communications services typical of five household types



Source: Ofcom / Teligen

Note: Based on tariffs available from the three largest operators for each service in each country in July 2013; PPP adjusted; includes VAT; TV excludes the licence fee.

7.6 International stamp price comparison

7.6.1 The UK is among the cheapest countries in Europe to send a standard sized (C5) letter

This section looks at domestic stamp prices and compares them with those in a range of other countries. In each case, we have considered the fastest letter mail product, which most commonly has a next day (D+1) delivery target; although, as Figure 120 shows, there is some variance by country. The products that we have looked at are all single-piece, domestic tariffs, available to all consumers. The prices of the products are compared as they were published on the operators' websites on 31 October 2013, and have not been adjusted for purchasing power parity. Where we look at previous years' prices, these are the prices on 31 December of each year.

Figure 120 Delivery specifications for the fastest letter mail product

UK	FRA	GER	ITA	USA	CAN	JPN	AUS	ESP	NED	SWE	IRL	POL	BRA	RUS	IND	CHN
D+1	D+1	D+1	D+1	D+3	D+2-4	Variable	Variable	D+3	D+1	D+1	D+1	D+1	D+2-5	Variable	Variable	Variable

Source: WIK

Note: Delivery targets in Canada, Japan, Australia, Brazil, Russia, India and China are dependent on the point of origin and destination.

We have looked at the prices for three mailings with different characteristics, based on typical envelope sizes. These are:

- **a small letter** – based on a DL envelope, 110mm by 220mm by 5mm, weighing 20g or less;

- **a standard letter** – based on a C5 envelope, 229mm by 162mm by 5mm, weighing 100g or less;⁵⁹ and
- **a large letter** – based on a C4 envelope, 324mm by 224mm by 25mm, weighing 101-150g.

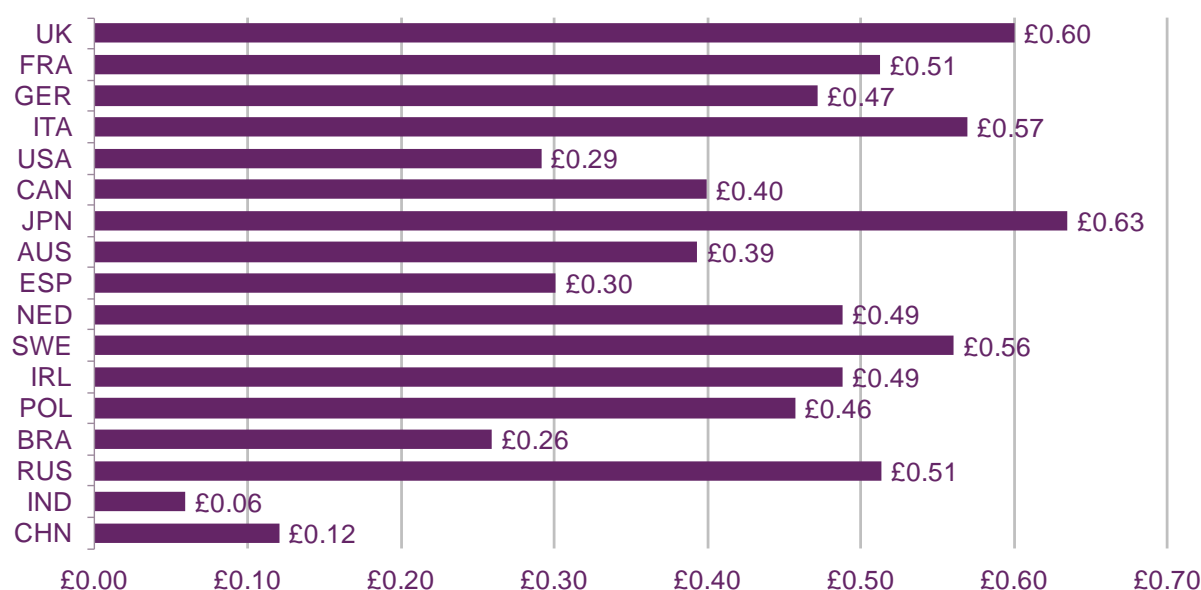
In those countries where a Second Class product is available, we have also looked at those prices. However, these products are available to consumers only in the UK, France, Sweden, Poland and Russia.

7.6.2 Japan and the UK are the most expensive countries in which to send a small letter

At 63p, Japan is the most expensive country in which to send a small letter, followed closely by the UK (60p). Among the European comparators, the UK is the most expensive country, followed by Italy (57p) and Sweden (56p). The cheapest country in which to send a small letter is India, where it costs 6p, followed by China (12p).

Outside the BRIC countries, the US has the lowest price for sending a small letter (29p), closely followed by Spain (30p). As shown in Figure 120, both of these countries have a D+3 delivery standard for their fastest available letter product.

Figure 121 Stamp prices for small (DL) letters



Source: WIK / Ofcom analysis

Note: Small letter is based on DL envelope, 110x220x5 <=20g;

Values converted from the local currency unit to British Sterling (£1 = €1.229 / US\$1.580 / CAN\$1.578 / ¥126.042 / AUS\$1.526 / SEK10.702 / PLN5.144 / BRL3.087 / RUB48.716 / INR84.413 / CNY9.971)

7.6.3 The UK is one of the cheapest countries in Europe in which to send a domestic standard sized letter

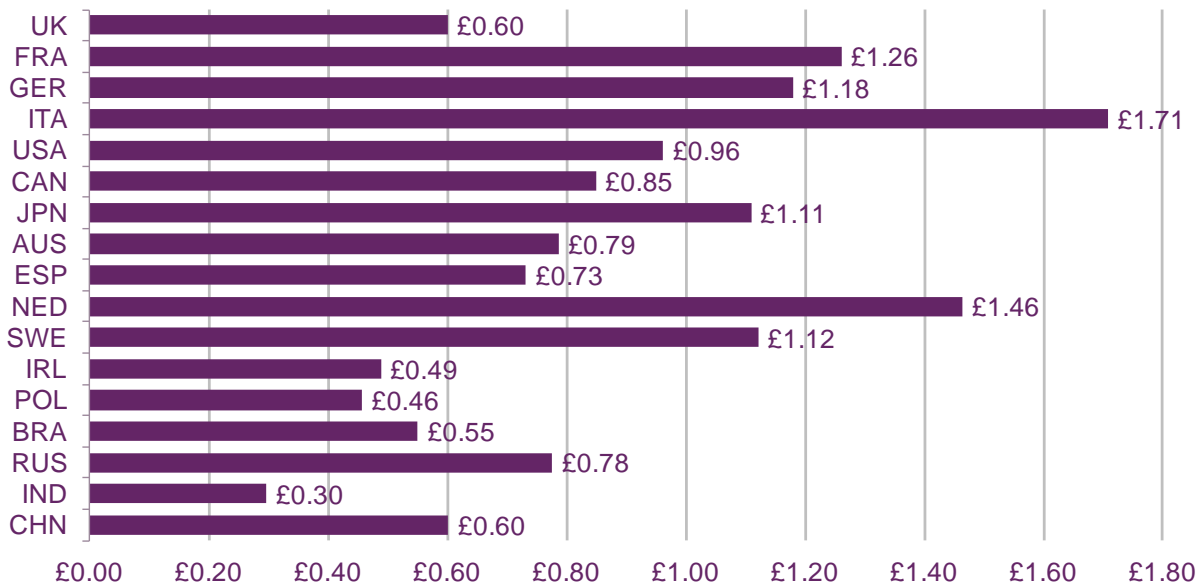
It costs 60p to send a First Class standard sized letter in the UK, the same price as in China. Among our European comparators, it is cheaper to send a letter with the same dimensions only in Ireland (49p) and Poland (46p). In the majority of our European comparator countries,

⁵⁹ Most greetings cards in the UK are no larger than a C5 envelope

it costs more than £1 to send a standard sized letter. The most expensive country is Italy (£1.71) where the price increased by 40% in 2013, followed by the Netherlands (£1.46).

The reason that the UK is more expensive for a small letter and cheaper for a standard sized letter is due to the different tariff structures that are used in each country. Most postal operators in Europe have a lower price for small letters and postcards weighing 20g or less, and a higher price is charged for items that weigh more than 20g or exceed the dimensions of a DL envelope. In the UK, there is not a separate price for a small letter, so the price is the same for a small or a standard sized letter.

Figure 122 Stamp prices for standard (C5) letters



Source: WIK / Ofcom analysis

Note: Standard letter is based on C5 envelope, 229x162x5 <=100g

Values converted from the local currency unit to British Sterling (£1 = €1.229 / US\$1.580 / CAN\$1.578 / ¥126.042 / AUS\$1.526 / SEK10.702 / PLN5.144 / BRL3.087 / RUB48.716 / INR84.413 / CNY9.971)

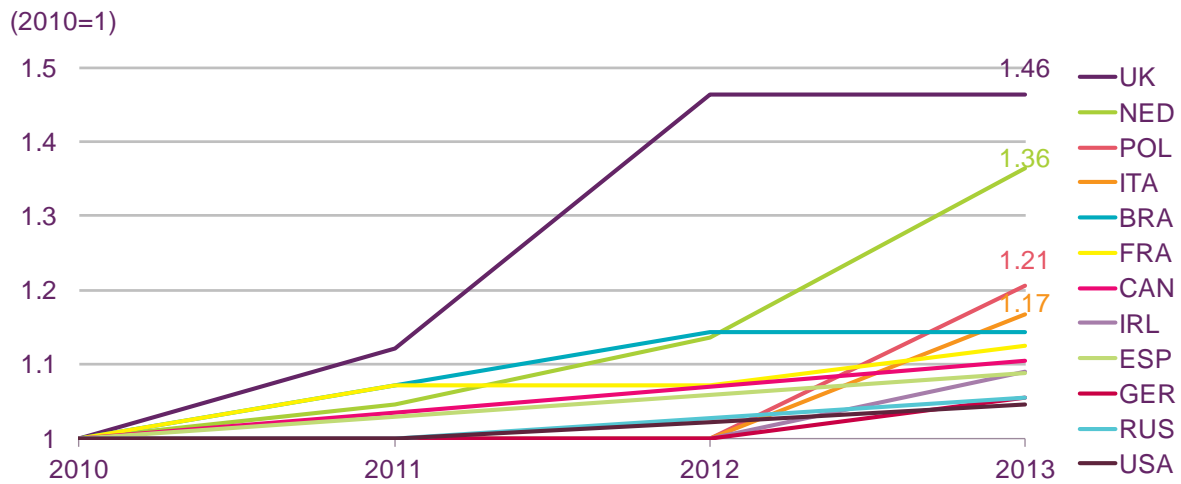
7.6.4 The price to send a standard sized letter has risen in 12 of our comparator countries in the past three years

Figure 123 shows the nominal trend in the price to send a standard sized letter since 2010. Current and previous years are indexed to 2010 prices in each of the comparator countries where prices have increased.

The largest proportional increase has been in the UK, where the price of a First Class stamp is 46% more expensive than in 2010. Prices in the UK have risen every year except 2013, with the largest and most recent increase taking place in April 2012.

In the Netherlands, the price to send a standard letter has increased each year, with the most recent increase being the largest. The price to send a standard letter in the Netherlands is 36% higher than in 2010. Prices have increased on an annual basis in both Canada and Spain, while prices increased in 2013 for the first time for a number of years in Germany, Italy, Ireland and Poland.

Figure 123 Increase in stamp price for the fastest available standard sized (C5) letter (2010-2013)



Source: WIK / Ofcom analysis.

Note: Figures are nominal. See Figure 120 for delivery specification.

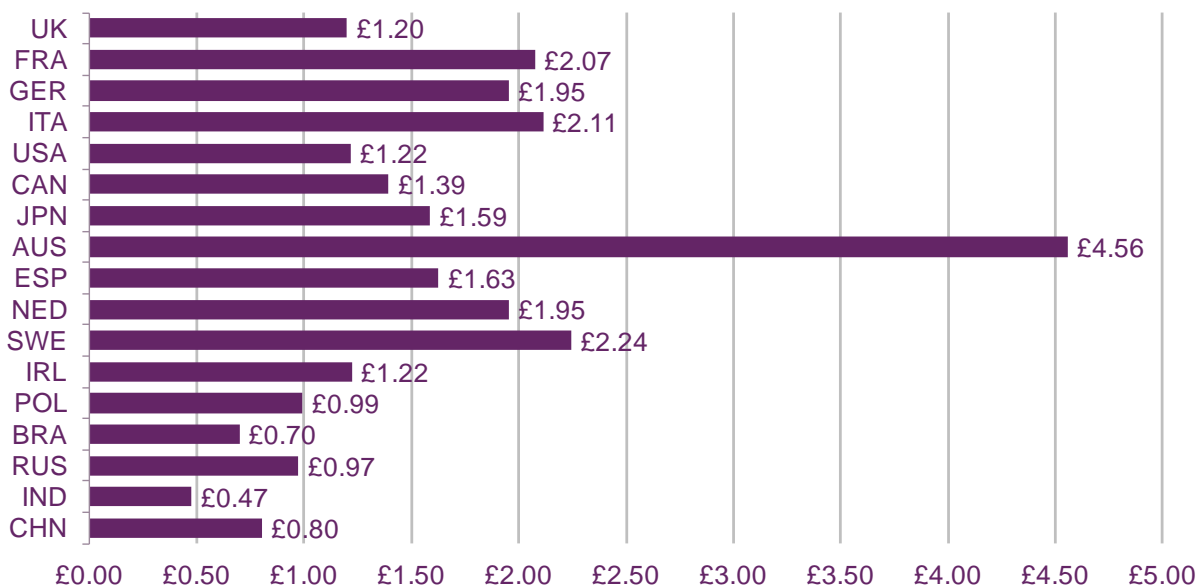
Note: Standard letter is based on C5 envelope, 229x162x5 <=100g

7.6.5 Poland is the cheapest country in Europe to send a large letter (99p), followed by the UK (£1.20)

The price to send a large letter in the UK (£1.20) is similar to the price in the US and Ireland, where it costs £1.22. The lowest price overall is India (47p), followed by Brazil (70p). The most expensive overall is Australia (£4.56). This is because the maximum thickness of a large letter in Australia is 20mm, and as this analysis is based on the prices for letters which are up to 25mm thick, this price represents the 'small parcel' price offered by Australia Post.

Excepting Australia, Sweden is the most expensive country in which to send a large letter (£2.24).

Figure 124 Stamp prices for large domestic letters



Source: WIK / Ofcom analysis

Note: 'Large letter' is based on C4 envelope, 324*224*25 101g-150g

Values converted from the local currency unit to British Sterling (£1 = €1.229 / US\$1.580 / CAN\$1.578 / ¥126.042 / AUS\$1.526 / SEK10.702 / PLN5.144 / BRL3.087 / RUB48.716 / INR84.413 / CNY9.971)

7.6.6 Among our comparator countries which offer Second Class equivalent products, Poland is among the cheapest to send almost all sizes of letter

Not all of our comparator countries offer a lower-priced product with a slower delivery standard in the same way that First and Second Class are available in the UK. Alongside the UK, this choice is available only to consumers in France, Sweden, Poland and Russia. These are almost all D+3 products, with the exception of France and Russia, as shown in Figure 125.

Figure 125 Delivery specifications for the Second Class equivalent letter product

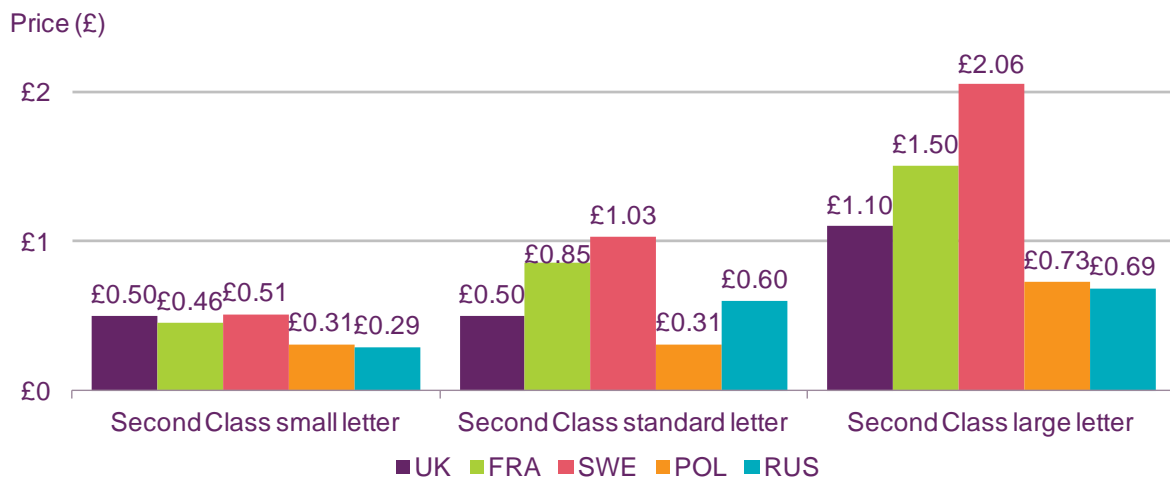
UK	FRA	SWE	POL	RUS
D+3	D+3-4	D+3	D+3	Variable

Source: WIK

Note: Delivery targets in Russia are dependent on the point of origin and destination.

As Figure 126 shows, the UK is the second most expensive place to send a Second Class small letter (50p); only 1p less than in Sweden. As is the case with First Class stamp prices by format, the UK is among the cheapest for sending standard and large letters. Again, this is due to tariff structures, with the price threshold beginning at a higher-weight step in the UK when compared to other countries.

Figure 126 Stamp prices for Second Class domestic letters



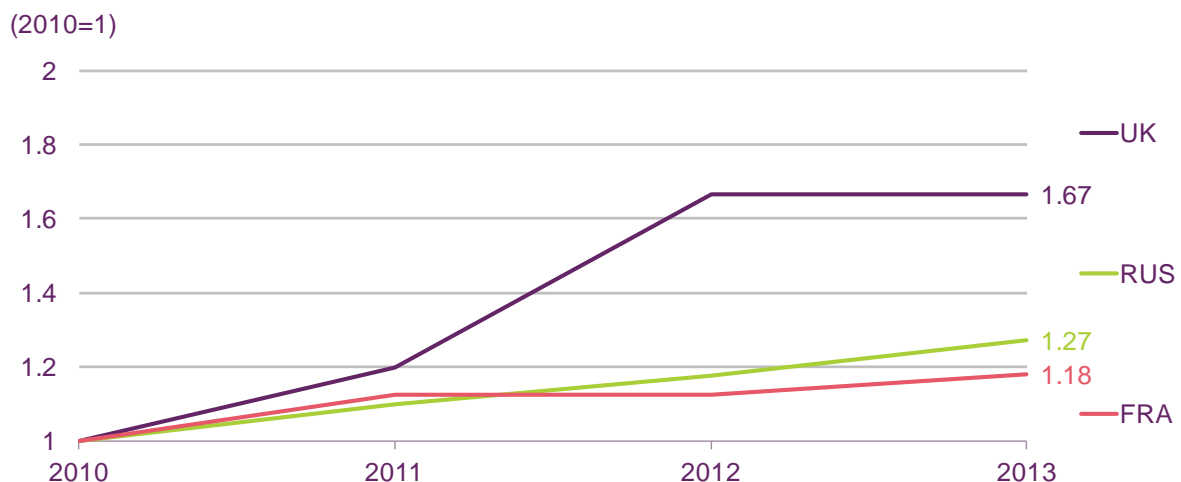
Source: WIK / Ofcom analysis

Note: 'Small letter' is based on DL envelope, 110x220x5 <=20g; Standard letter is based on C5 envelope, 229x162x5 <=100g; Large letter is based on C4 envelope, 324*224*25 101g-150g
 Values converted from the local currency unit to British Sterling (£1 = €1.229 / US\$1.580 / CAN\$1.578 / ¥126.042 / AUS\$1.526 / SEK10.702 / PLN5.144 / BRL3.087 / RUB48.716 / INR84.413 / CNY9.971)

Of our comparator countries which offer Second Class products, the UK, Russia and France have all increased prices since 2010. As with First Class, the largest proportional price increase was in the UK, where the Second Class standard letter price increased by 67% between 2010 and 2013, with the largest increase taking place in April 2012. Prices in Russia have increased by 27% over the same period, and have risen by 18% in France.

Despite the large proportional price increase, in 2013 it was still cheaper to send a Second Class standard letter in the UK than in France.

Figure 127 Increase in Second Class stamp price for a standard sized (C5) letter since 2010



Source: WIK / Ofcom analysis.

Note: Figures are nominal. See Figure 125 for delivery specification.

7.6.7 Awareness of the cost of both First and Second Class stamps has increased

The prices for sending individual letters and postcards increased in April 2012; First Class rose by 14p and Second Class stamps rose by 15p, to 60p and 50p respectively. A consequence of these price increases has been increased price awareness. The proportion of consumers who were able to correctly state the price of First and Second Class stamps rose significantly in the past year (Figure 128). Research participants stating the correct price of a First Class stamp rose from 9% in December 2011 to 30% in June 2013 and from 6% in 2011 to 18% for Second Class stamps.

Royal Mail did not increase the stamp prices for letters or large letters in April 2013.

Figure 128 Awareness of price of First and Second Class stamps: 2009-2013



Source: Postcomm customer survey 2009 (1116)
 Ofcom postal omnibus 2011 (3621)
 Ofcom post tracking survey (4844)

Section 8

Consumer interest and activity

Introduction

To take advantage of competitive markets, consumers need to be equipped to shop around to obtain the best deal. This section of the report sets out to what extent consumers are interested in, and engaged with, each of the communications markets, and satisfied with their current provider.

We also explore reasons why consumers switch or choose not to switch; this helps to identify current and emerging barriers to switching.

Consumer information plays an important role in enabling interested consumers to participate in the communications market. This section explores whether or not consumers know where to go to obtain comparative information to help them make informed choices.

Analysis points to note:

Please note that measures of switching reported in this section exclude consumers who switched service provider(s) as part of moving house.

The report provides a comparison of switching levels across total markets, and where sample sizes allow, compares purchasing behaviour within markets i.e. standalone fixed-broadband customer vs. bundled fixed-broadband customer. This allows us better to understand the impact of purchasing choices on switching behaviour. Trends prior to 2012 reported on total market data should be treated as indicative only, as the methodology used to calculate 'total market data' was improved in 2012.

For the charts in this chapter, the base for broadband from 2010 onwards represents those with fixed broadband rather than fixed *or* mobile broadband, as in previous years. Use of mobile broadband has declined, and the incidence of mobile broadband among UK adults continues to be too low to allow individual analysis, using the data sources for this report. Trend data prior to 2010 may be affected.

It should be noted that the satisfaction data in this section are not directly comparable to the satisfaction data published in Ofcom's *Communications Market Report 2013*. This report publishes satisfaction among decision-makers, whereas the *Communications Market Report 2013* published satisfaction levels among owners of each service.

Key trends

- **A fifth (20%) of consumers switched at least one communications service between Q3 2012 and Q3 2013.** Overall, yearly switching levels remain broadly unchanged at around one in ten in each of the fixed-line (9%), mobile (11%) and fixed broadband (9%) markets. The total level of switching main digital TV provider remains lower, at 3%, and 4% among those with a pay-TV service. A quarter of all switchers switched multiple services at the same time – not significantly different to 2012.

- **Around a fifth of consumers are classified in this report as ‘engaged’⁶⁰ in the telecoms markets.** Engagement levels stand at around a fifth in each of the fixed line (17%), fixed broadband (18%) and mobile (20%) markets, but remain lower and unchanged at just over one in ten (12%) in the digital TV market.
- **The level of engagement among standalone fixed broadband and fixed line purchasers has fallen.** In the fixed broadband market this has been driven by falling levels of engagement among standalone purchasers (down 9pp to 15%) while engagement among bundlers is stable (19%).
- **Cost and poor service are both common reasons why consumers say they switch communications provider.** Cost was stated by between 54% and 62% of switchers in each of the fixed voice, fixed broadband, mobile and digital TV markets. ‘Poor service’ was mentioned as a reason for switching by around half as many in each market, ranging from 20% in the mobile market to 29% in the fixed broadband market.
- **In the mobile market ‘reception’ (15%) and ‘handsets’ (13%) are market-specific factors that drive consumers to switch provider** with a minority switching ‘in order to obtain a 4G service’ (5%). The desire for ‘faster speeds’ is a key driver among fixed broadband switchers (15%), as is the ‘choice of channels’ for TV switchers (18%).
- **Satisfaction is increasingly mentioned as the main reason for not switching.** Between 6-8% of consumers across the communications markets said they started looking but did not switch. In all except the digital TV market (where perceived lack of cost benefit is the highest stated reason for not switching), satisfaction is one of the most-mentioned reasons for not switching provider, among those who have only considered doing so. Around three in ten consumers who ‘looked but didn’t switch’ in each of the fixed voice, fixed broadband and mobile markets cited satisfaction as the reason they didn’t. These proportions have risen significantly since 2012.
- **A minority (around one in ten) of switchers, who spoke to their previous provider, said they were put under pressure to stay.** Contact with losing providers is most common among fixed line and fixed broadband switchers, where around three-quarters (73% and 76% respectively) said they had been in contact with their previous provider. This contact is mainly initiated by the consumer. In comparison, contact with losing providers among considerers is lower, at around two in five.
- **Most switchers said they were happy with their decision to switch, but considerers were less happy with their decision not to.** Between 4-9% of switchers said they were unhappy with their decision to switch in each of the markets; this was highest in the fixed broadband market. Happiness with their decision was lower among considerers in each market, and at its lowest among fixed broadband considerers, where three in ten (29%) said they were ‘unhappy with their decision’.
- **The majority of switchers (between 84% and 92%) considered it very or fairly easy to switch provider.** But for some switchers (between 6% and 14%) changing provider was ‘difficult’. The fixed broadband market continues to have the highest levels of stated difficulty in switching, at 13%. Ease of switching telecoms provider remains broadly comparable with utilities. Seven per cent of switchers in each of the gas and electricity markets said switching was difficult, which is comparable to that noted among fixed line (9%) and mobile switchers (8%) but lower than reported among fixed broadband switchers (13%).

⁶⁰ Consumers classified as ‘engaged’ may have switched previously and are currently open to the idea of a new provider.

- **However, when prompted, half of switchers said they experienced some difficulties when switching provider.** Stated difficulties varied by market. 'Provider persuasion to stay' was one of the most common issues reported in both the fixed broadband and fixed voice markets.
- **The majority of consumers remain satisfied with their services overall, with dissatisfaction highest for fixed broadband, at one in ten.** Dissatisfaction stands between 5% and 11% across markets. Levels of overall satisfaction remained fairly consistent between 2012 and 2013 across each of the communications markets, with little variation in dissatisfaction across demographic groups within each market.
- **Dissatisfaction with value for money is highest among fixed broadband standalone purchasers (16%), and bundlers (14%).** The only significant change in satisfaction levels has been among bundlers, where dissatisfaction now stands at 14%, nearly twice the level reported in 2011 and 2012 (8%).
- **Dissatisfaction with broadband speeds in rural areas is nearly twice the average (32% vs. 18%).** 'Engaged' and 'interested' consumers were also more likely to state dissatisfaction with the speeds of their fixed broadband service (26% and 19% respectively).
- **Just under nine in ten (87%) adults are satisfied with the postal service overall.** Those aged over 75 were the most likely to state they were satisfied with the postal service (93%). Two-thirds of postal users are satisfied with the value for money provided by the postal service.

These key trends are explored in more detail and are grouped into the following sub-headings:

- Consumer participation in the communications markets
- Switching in the communications markets
- Ease of switching in the communications markets
- Comparison with switching in other markets
- Satisfaction with communications services and providers
- Consumer information sources

8.1 Consumer participation in communications markets⁶¹

Participation in communications markets is measured by looking at a wide range of ways in which consumers can participate in the market, including switching suppliers, staying informed, and being aware of changes in the markets. The segments analysed below are based on measures of past and present behaviour⁶².

Consumers classified as 'engaged' have a high score for both past and present behaviour; they may have switched previously and are currently open to the idea of a new provider. Those classified as 'inactive' have a low score for both past and present behaviour; for example, they may not have switched or considered doing so in the past four years and are currently not reporting any interest in doing so.

8.1.1 Around a fifth are engaged in each of the fixed line, fixed broadband and mobile markets

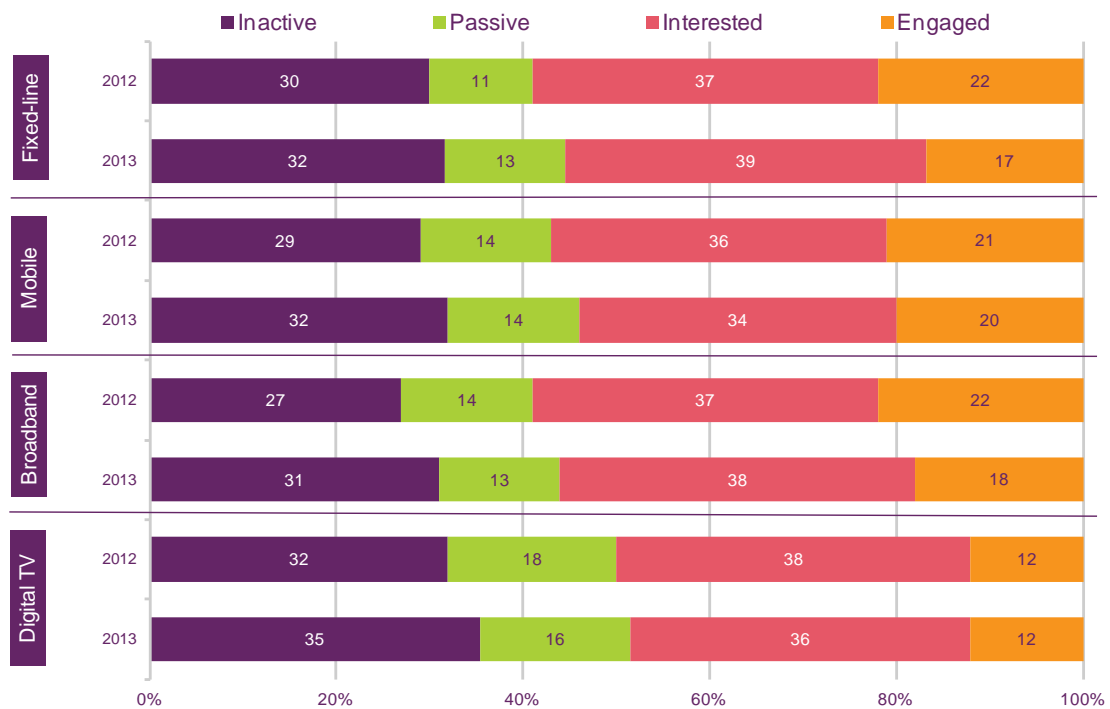
At a total market level, over the past 12 months there have been small but significant falls in engagement in each of the fixed line and fixed broadband markets; down by four and five percentage points respectively. Engagement levels stand at around a fifth in each of the fixed line (17%), fixed broadband (18%) and mobile (20%) markets, but remain lower and unchanged at just over one in ten (12%) in the digital TV market.

Further trend data can be found in previous reports but this should be viewed as indicative only, as a change in methodology means that it is not directly comparable. As such, the following charts show the trend between 2012 and 2013 only.

⁶¹ See Annex 3 for further details on how these segments were calculated

⁶² Questions around 'negotiations' have been removed from the index. This has had minimal impact on the overall data. Data from 2012 have been recalculated to provide a direct comparison and as such will vary slightly to those published in the 2012 report.

Figure 129 Trend in levels of participation, by total market



Source: Ofcom decision-making survey carried out by Saville Rossiter-Base in July to August 2012 and 2013

Base: All adults aged 16+ who are the decision-maker for fixed line (whole market, 1636 2012, 1596 2013), mobile (whole market, 1714 2012, 1718 2013), broadband (whole market, 1341 2012, 1291 2013), digital TV (whole market, 1483 2012, 1592 2013)

8.1.2 Three-fifths of bundlers in each market are ‘engaged’ or ‘interested’

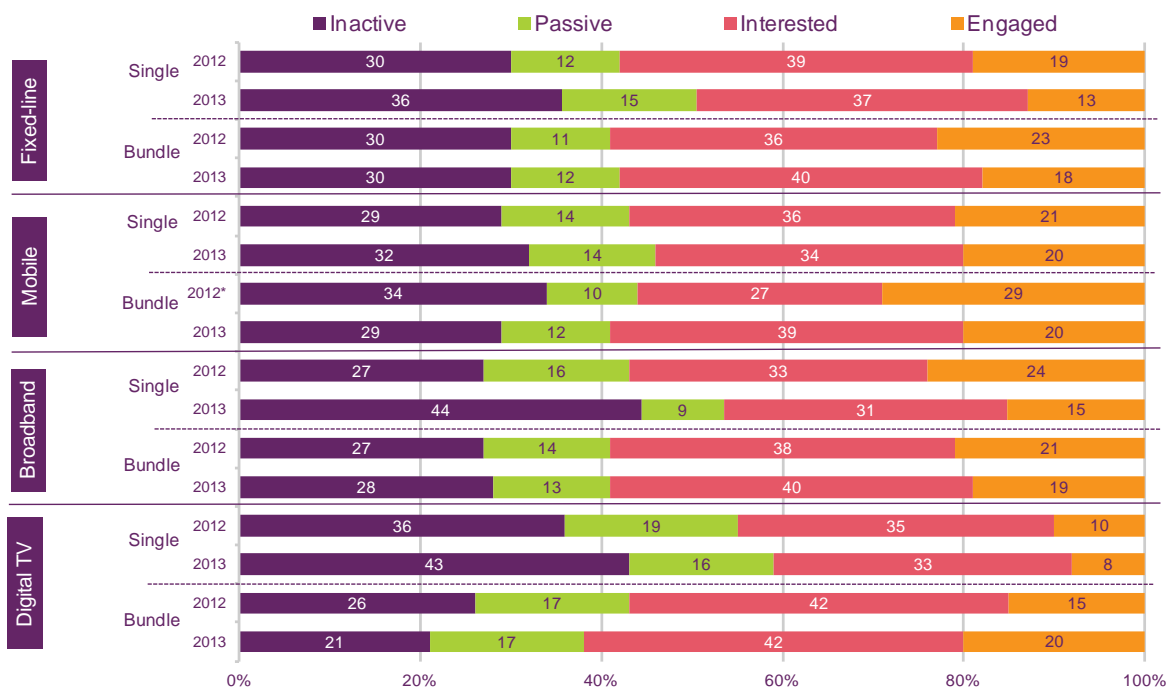
Comparing levels of engagement within each market by purchasing behaviour provides further understanding of what may be driving the changes noted above. As noted in Section 6, three in five consumers purchase communications services as part of a bundle. The most popular bundles are fixed line and fixed broadband services. In fact, the majority of consumers in the fixed line (65%) and fixed broadband markets (74%) purchase these services as part of a bundle. As such, levels of engagement in these markets are skewed towards that of bundlers.

Conversely, in the mobile market the vast majority (93%) of consumers continue to purchase mobile as a standalone service. Purchasing behaviour in the digital TV market continues to be polarised, with 49% purchasing this as part of a bundle.

Levels of ‘engagement’ and ‘interest’ stand at around 60% among bundlers in each of the fixed line and fixed broadband markets. This compares to levels of 50% and 46% respectively among standalone purchasers in these markets.

In the mobile market engagement does not vary by purchasing behaviour, whereas for digital TV those who bundle this service are twice as likely as standalone purchasers to be classified as ‘engaged’ (20% and 8% respectively).

Figure 130 Trend in participation, by purchasing behaviour⁶³



Source: Ofcom decision-making survey carried out by Saville Rossiter-Base in July to August 2012 and 2013

Base: All adults aged 16+ who are the decision-maker for fixed line (single purchase, 610 2012, 518 2013) (service in bundle, 1026 2012, 1078 2013), mobile (single purchase, 1653 2012, 1609 2013) (service in bundle, *61 2012, 109 2013), broadband (single purchase, 328 2012, 222 2013) (service in bundle, 1013 2012, 1069 2013), digital TV (single purchase, 982 2012, 1104 2013) (service in bundle, 501 2012, 488 2013). *Caution: Low base, treat as indicative only.

8.1.3 Engagement levels have declined among standalone purchasers in the fixed line and fixed broadband markets

As shown in Figure 130 above, the most notable changes in levels of engagement were in the fixed broadband and fixed-line standalone markets, where levels fell by nine and six percentage points respectively.

Standalone purchasing in the fixed broadband market has declined from 28% to 25% over the past year, while the proportion bundling rose by three percentage points. Total broadband take-up remained stable, so it is fair to assume that much of the growth in bundling of fixed broadband services (+3pp) was driven by switching from standalone purchasing.

As shown below, further analysis of the fixed broadband participation segments among standalone purchasers suggests that the decline in engagement has been driven by fewer consumers considering switching. Despite a rise in switching levels among this group (from 4% in 2012 to 9% in 2013) this has led to lower levels of engagement.

But participation levels remain broadly unchanged among bundlers in the fixed broadband market (who form that majority of fixed broadband customers, at 75%). A fifth (19%) are engaged and a further two-fifths are 'interested'. And, as shown below, further analysis of this group of broadband customers shows that activity remains broadly unchanged.

⁶³ The apparent decline in engagement among mobile bundlers is not statistically significant

In the fixed-line market, levels of engagement have fallen among both standalone and bundle purchasers. The chart below shows that significantly fewer standalone purchasers in this market are ‘considering switching’ compared to the proportion doing so in 2012. This, combined with a fall in switching, has led to reduced levels of engagement in this market.

In the digital TV market a fifth (20%) of bundlers are ‘engaged’: a five percentage point rise since 2012. This rise in engagement has largely been driven by higher proportions considering switching.

Figure 131 Level of activity in the communications markets in the past 12 months



Source: Ofcom decision making survey carried out by Saville Rossiter-Base in July to August 2012 and 2013

Base: All adults aged 16+ who are the decision maker for fixed line (whole market, 1636) (single purchase, 610) (service in bundle, 1026), mobile (whole market, 1714) (single purchase, 1653) (service in bundle, 61), broadband (whole market, 1341) (single purchase, 328) (service in bundle, 1013), digital TV (whole market, 1483) (single purchase, 982) (service in bundle, 501). *Caution: Low base treat as indicative only.

8.2 Switching in the communications market

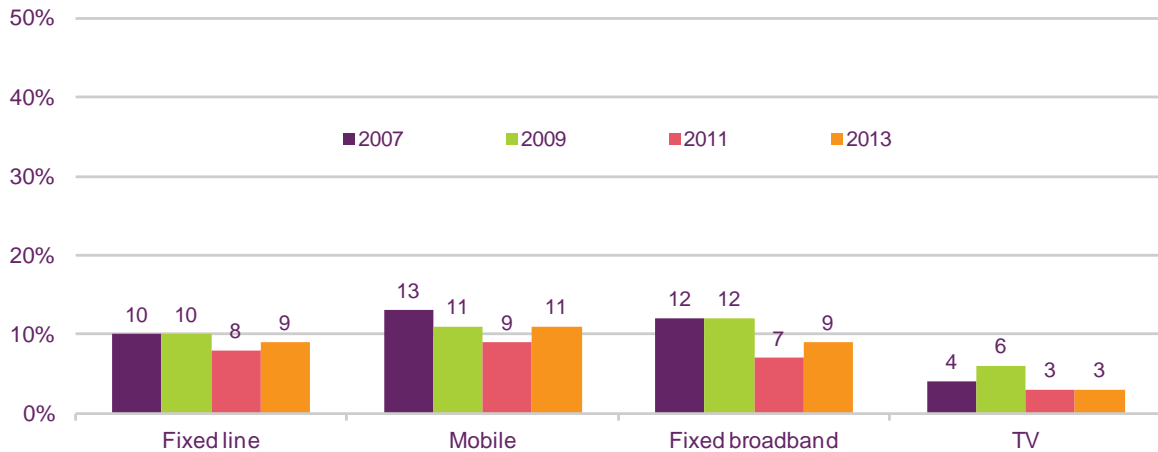
8.2.1 Switching levels remain broadly unchanged at around one in ten across all except the digital TV market

In this report, the data points which report switching behaviour are defined as a consumer actively changing supplier while remaining at the same address. This may not be comparable to industry subscriber data for churn⁶⁴.

⁶⁴ Industry churn data includes all customers who have terminated their services from that supplier, excluding customers who have reinstated their services, within a given time period (generally 12 months).

Overall, switching levels for each market (including any switching of services within bundles) remain broadly unchanged at around one in ten in each of the fixed-line (9%), mobile (11%) and fixed broadband (9%) markets. The total level of switching the main TV provider remains lower at 3%, and 4% among those with a pay-TV service. In the mobile market, contract customers (13%) are twice as likely as pre-pay customers (6%) to have switched provider in the past year. Apparent trend differences over the past 12 months, shown in the chart below, are not statistically significant.

Figure 132 Switching in communications markets in the past 12 months, bi-annual comparison



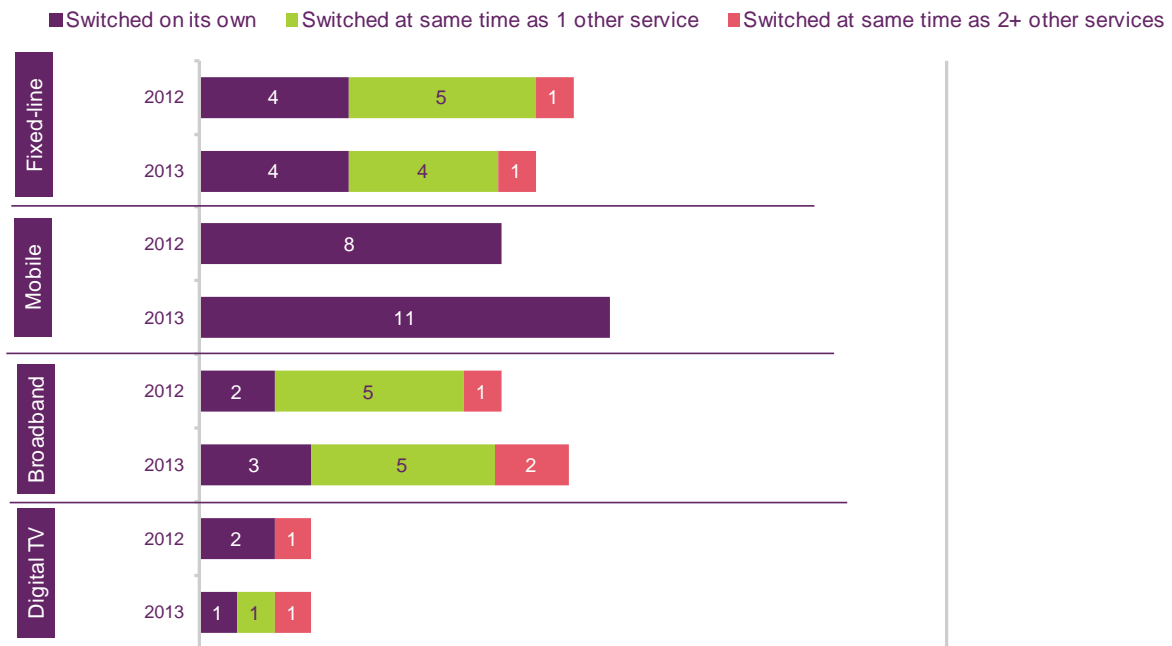
Source: Ofcom decision-making survey carried out by Saville Rossiter-Base in July to August 2013
 Base: All adults aged 16+ who are the decision-maker for fixed line (2013, 1596) mobile (2013, 1718), broadband (2013, 1291), digital TV (2013, 1592), bundle (2013, 1133)
 Note: data from 2007 to 2011 are based on standalone purchaser data, for 2013 data is based on total market. Therefore, trend data prior to 2012 are not directly comparable and should be viewed as indicative only.

8.2.2 A quarter of all switchers changed provider for multiple services simultaneously

A fifth (20%) of consumers across the communications markets switched at least one service in the past 12 months and a quarter (26%) of these said they switched at least two services simultaneously. There has been no significant change in these levels since last year.

In the fixed-line market, nearly half of switchers (4% total) switched only their fixed line. This compares to around a third of switchers in the fixed broadband market (3% total) who only switched their fixed broadband service. It is more common for fixed broadband services to be switched alongside other services (7% total) than for this service to be switched in isolation.

Figure 133 Switching multiple services in communications markets in the past 12 months, by total market⁶⁵



Source: Ofcom decision-making survey carried out by Saville Rossiter-Base in July to August 2013
 Base: All adults aged 16+ who are the decision-maker for fixed line (2013, 1596) mobile (2013, 1718), broadband (2013, 1291), digital TV (2013, 1592), bundle (2013, 1133)

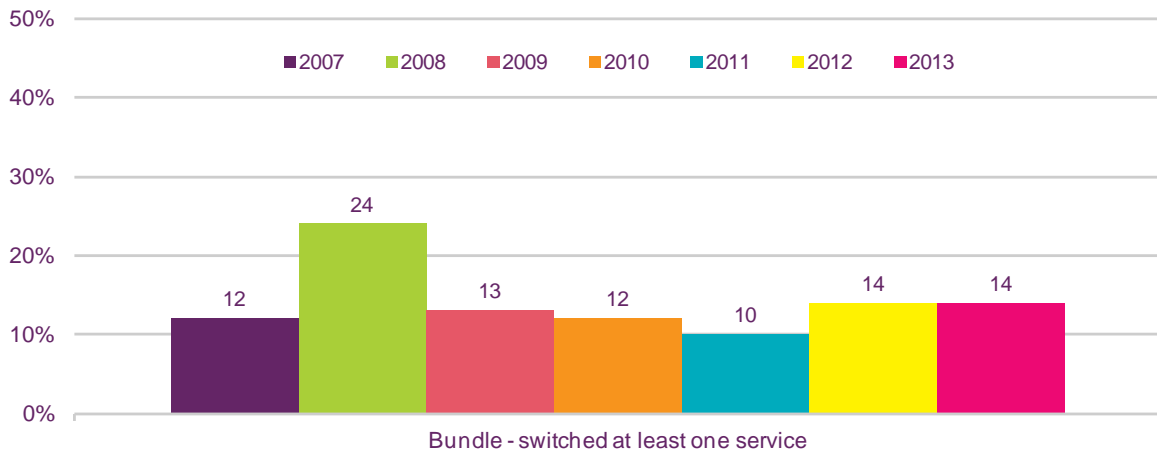
8.2.3 Rise in switching among bundlers maintained

In total, among all consumers who bundle any services 14% switched provider for at least one of their services in the 12 months prior to fieldwork (i.e. July 2012 to July 2013). Switching was at its highest among bundlers in 2008 (24%) when there was significant growth in triple-play bundling⁶⁶. Following this high, switching among bundlers remained at around one in ten until 2012, when it rose to 14%. As noted above, some of this rise may be attributable to the more engaged standalone purchasers switching to bundled products.

⁶⁵ Figures for total switching levels may not match those in previous charts due to rounding. Use Figure 132 above when quoting yearly switching levels.

⁶⁶ In 2008 32% of bundlers took a triple-play package, rising from 18% in 2007.

Figure 134 Switching among all bundlers in the past 12 months

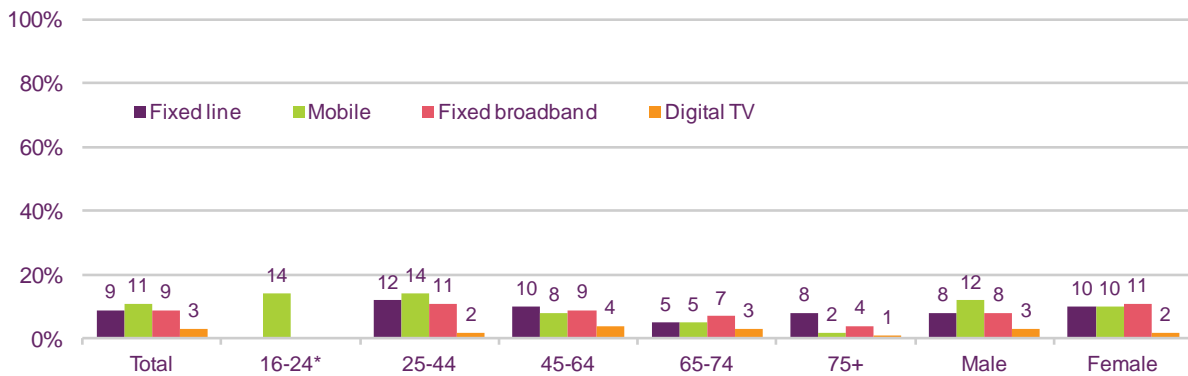


Source: Ofcom decision-making survey carried out by Saville Rossiter-Base in July to August 2013
 Base: All adults aged 16+ who are the decision-maker for a bundle of services (2007, 384) (2008, 534) (2009, 631) (2010, 570) (2011, 795) (2012, 1079) (2013, 1133)

8.2.4 Younger consumers continue to drive switching across all markets

Switching continues to be driven by younger consumers, particularly in the mobile market, although fixed voice switching is broadly comparable across all age groups and stands at 8% among those aged 75+.

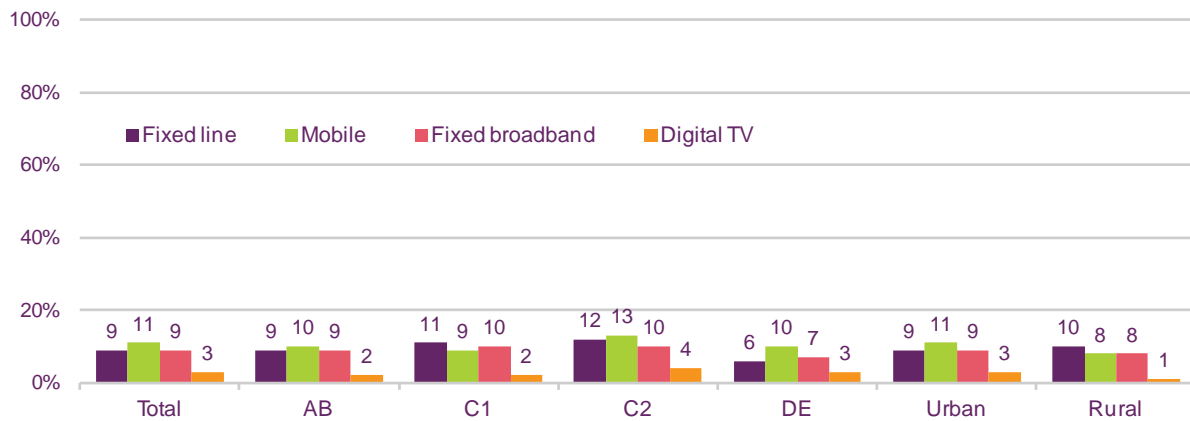
Figure 135 Switched provider in the past 12 months, by age and gender



Source: Ofcom decision-making survey carried out by Saville Rossiter-Base in July to August 2013
 Base: All adults aged 16+ who are the fixed-line decision-maker (1596)
 *Base size for 16-24 year olds too small to analyse

Socio-economic group and location, in terms of rural or urban, has little impact on propensity to switch. Switching in the mobile market in rural areas remains at the higher level of 11%, up from 4% in 2011 (Figure 136).

Figure 136 Switched provider in past 12 months, by socio-economic group and urbanity



Source: Ofcom decision-making survey carried out by Saville Rossiter-Base in July to August 2013
 Base: All adults aged 16+ who are the fixed-line decision-maker (1596)

8.2.5 Cost and poor service are the main stated reasons for switching

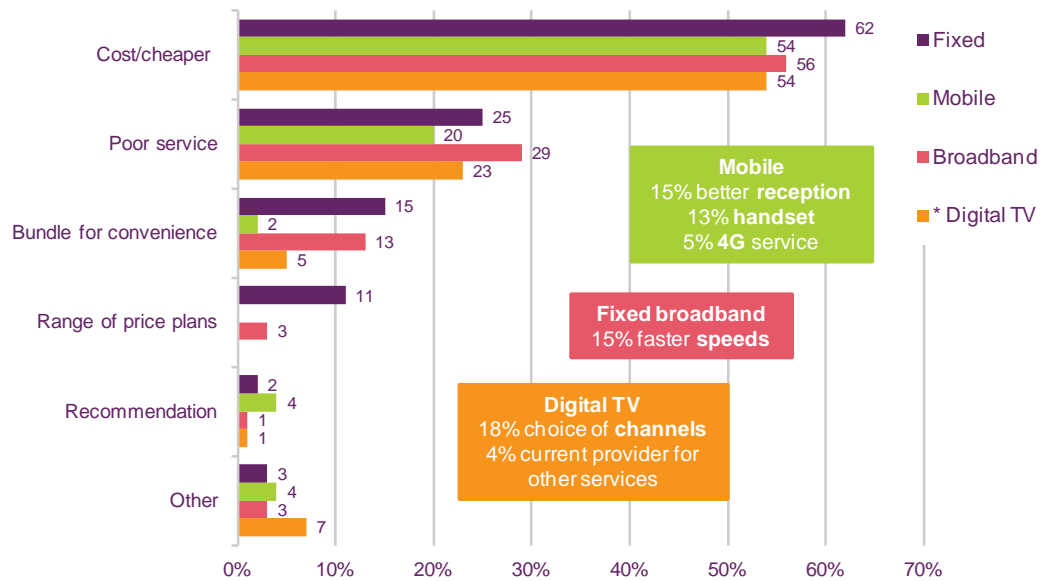
The two main reasons why consumers say they switch, which are consistent across all markets, are: a) cost – another provider offering a cheaper service; and b) poor service – the previous service not meeting requirements.

Cost was stated by between 54% and 62% of switchers in each of the fixed voice, fixed broadband, mobile and TV markets. ‘Poor service’ was mentioned as a reason for switching by around half as many in each market - ranging from 20% in the mobile market to 29% in the fixed broadband market.

In addition to these, other reasons are common across markets e.g. bundling for convenience (most popular in the fixed and fixed broadband markets).

However, all markets other than fixed voice have their own distinct switching drivers. In the mobile market, reception (15%) and handsets (13%) are key factors that drive consumers to change provider, with a minority switching in order to obtain a 4G service (5%). For fixed broadband switchers, faster speeds (15%) are a key factor, and for TV the choice of channels (18%) is driving switching for some.

Figure 137 Reasons for switching among those who switched in past 12 months, by market



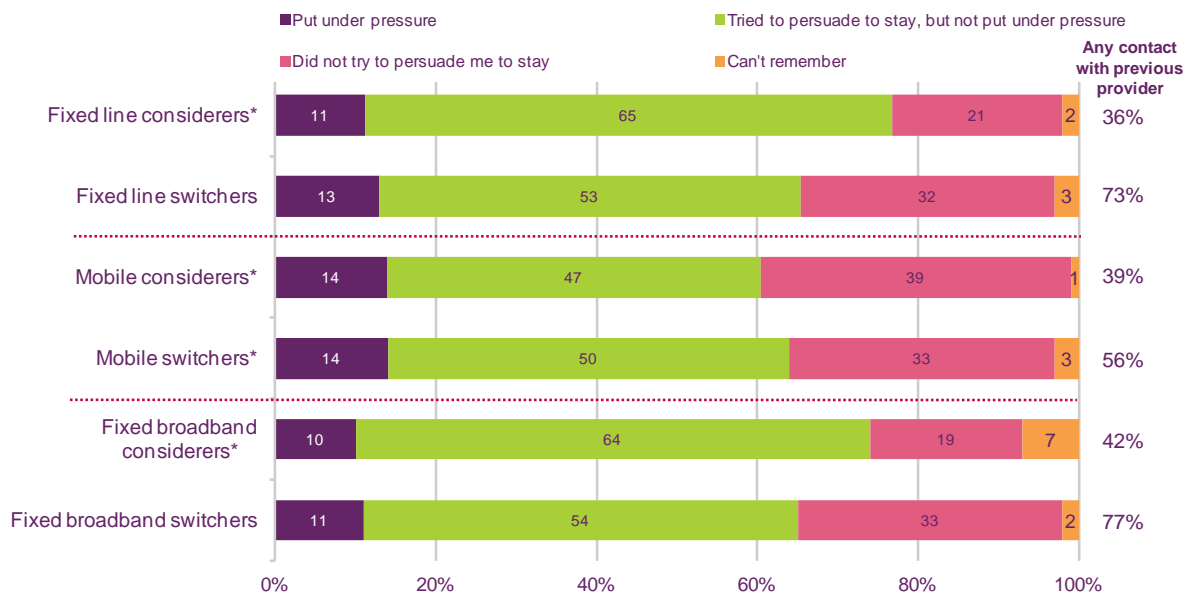
Source: Ofcom decision-making survey carried out by Saville Rossiter-Base in July to August 2013
 Base: All adults aged 16+ who switched provider in the last 12 months for fixed-line (159), mobile (160), fixed broadband (141), pay TV (54) *Caution: Low base, treat as indicative only

8.2.6 A minority (around one in ten) of switchers who spoke to their previous provider said they felt they were put under pressure to stay

While not always essential to the switching process, many switchers and considerers contact their existing or current provider (i.e. losing provider) once they have decided to switch. This contact is most common among fixed and fixed broadband switchers, where around three-quarters of switchers (73% and 77% respectively) said they contacted their existing provider once they had decided to switch. The comparable figure in the mobile market is 56%. Contact with losing providers among considerers is lower, at around two in five. Due to low base sizes no data on digital TV are shown below.

As shown below, among both switchers and considerers across the communications markets, who had been in contact with their 'losing provider', at least one in ten said they felt they had been put under pressure to stay. This ranged from 10% among fixed broadband switchers to 14% among mobile switchers and considerers. However, the vast majority (between 83%-87%) in each market said that they were not put under pressure to stay.

Figure 138 Attitudes towards provider discussions, among considerers and switchers, in the past 12 months



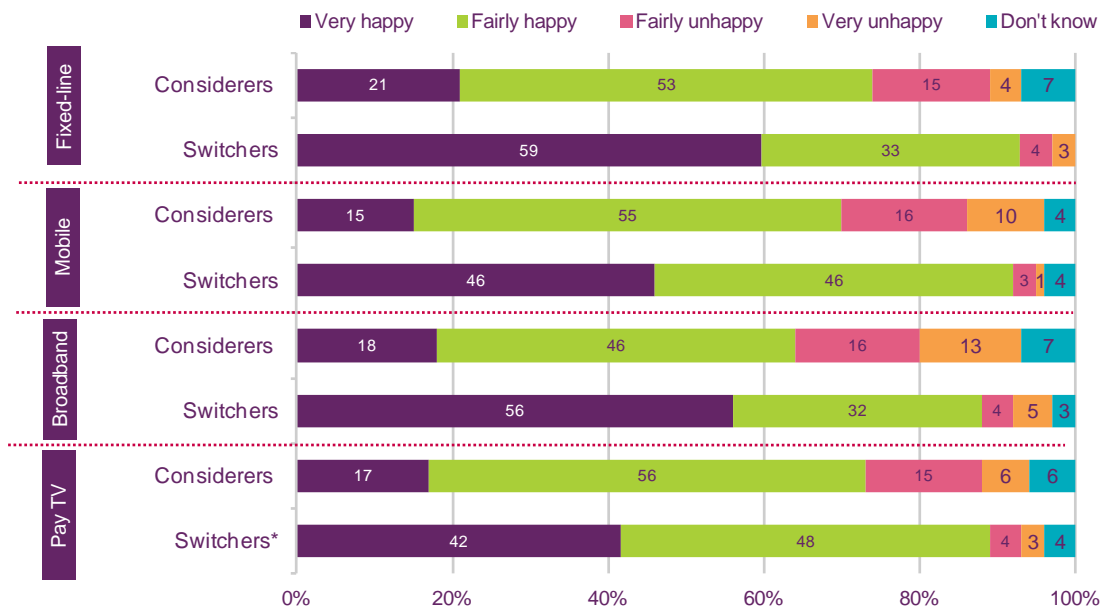
Source: Ofcom decision-making survey carried out by Saville Rossiter-Base in July to August 2013
 Base: All adults aged 16+ who considered switching/ switched provider in the last 12 months and were in contact with their current/ previous supplier for fixed-line (58 considered, 104 switched), mobile (74 considered, 91 switched), fixed broadband (81 considered, 108 switched). Data excluding home-movers is not significantly different to that shown above.
 Summary data illustrating 'any contact' are based on all those who switched in the last 12 months.
 *Caution: Low base, treat as indicative only

8.2.7 Most switchers said they were happy with their decision to switch

The majority of switchers said they were happy with their decision to switch. Across each of the markets, between 4-9% of switchers said they were unhappy with their decision to switch; this was highest in the fixed broadband market. Due to low base sizes no data on digital TV are shown below.

Happiness with the decision is lower among considerers in each market, particularly in relation to the proportion stating they were 'very happy', which stands at between 15-18% among considerers who did not switch. This is less than half the level noted among switchers. People who considered switching their fixed broadband provider, but didn't, were the most likely to say they were unhappy with their decision (29%).

Figure 139 Attitudes to decision to switch/not to switch in the past 12 months



Source: Ofcom decision-making survey carried out by Saville Rossiter-Base in July to August 2013
 Base: All adults aged 16+ who considered switching/ switched provider in the last 12 months for fixed-line (176 considered, 159 switched), mobile (187 considered, 160 switched), fixed broadband (192 considered, 141 switched), Pay TV (164 considered, 54 switched) *Caution: Low base, treat as indicative only.

8.2.8 Satisfaction is increasingly mentioned as the main reason for not switching

As noted in Figure 131 above, around one in ten consumers in all except the TV market (lower, at 3%) have switched their provider in the past 12 months. A consistent proportion (2-4%) of consumers across markets say they are ‘actively looking for an alternative provider’. However, nearly twice as many (6-8%) said they started looking but did not switch.

In all except the TV market, satisfaction is one of the most-mentioned reasons for not switching provider, among those who have considered doing so. Three in ten of these consumers in each of the fixed voice, fixed broadband and mobile markets cited satisfaction as the reason they didn’t switch – proportions that have risen significantly since 2012. Further details on satisfaction appear later in this section.

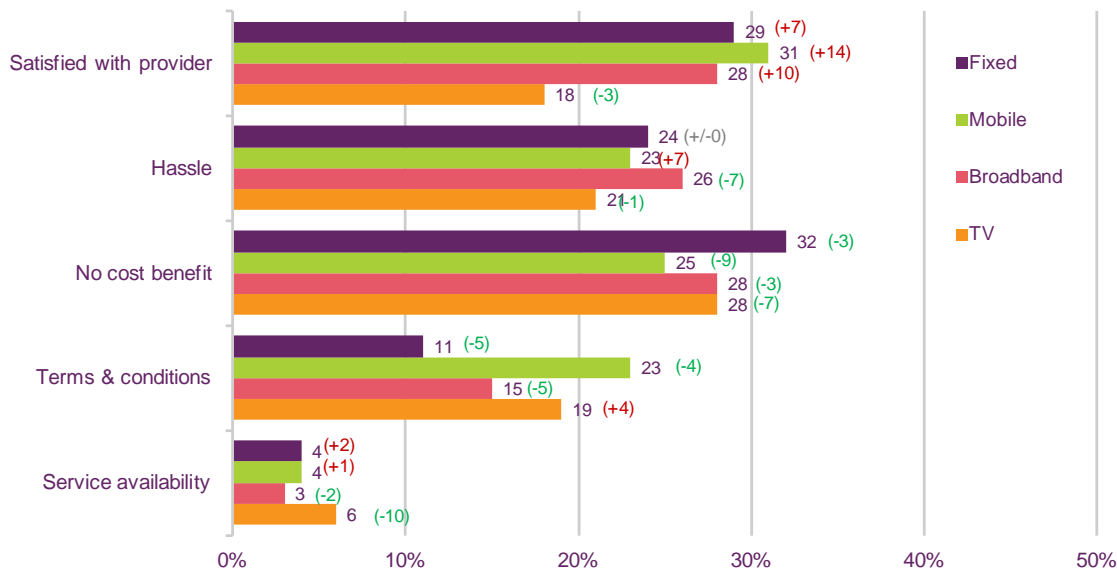
In the digital TV market a lack of perceived cost benefit is the main reason considerers are not switching (28%). This is followed by around a fifth each stating ‘satisfaction’, ‘terms and conditions’ and ‘hassle’. The proportion of considerers stating this declined in 2013, with figures broadly in line with those noted in 2011. This stated reason for not switching may be affected by consumers’ ability to compare providers on cost (this is covered in more detail in the *Consumer information sources* section) and consumers negotiating, or being offered, a better deal with their current provider.

Hassle, or at least ‘perceived hassle’ continues to be a factor in consumers’ decision on whether to switch, stated by between 21% and 26% of considerers across the communications markets.

The mention of ‘terms and conditions’ as a reason for not switching among considerers is highest in the mobile market (23%) where we see a growing proportion of consumers tied into a contract (up from 52% to 57% in the past 12 months). The proportion of considerers in the digital TV market stating this as a reason for not switching has also continued to grow – up to around a fifth in 2013. Longer contracts enable consumers to pay the cost of their equipment (e.g. smartphones and set-top boxes) in small amounts over a longer period.

Further details on difficulties/barriers to switching are contained in the following sub-section: Ease of switching.

Figure 140 Reasons for considering, but not switching, provider



Source: Ofcom decision-making survey carried out by Saville Rossiter-Base in July to August 2013
 Base: All adults aged 16+ who are the decision-maker for each service who have considered switching but did not switch (fixed line, 176) (mobile, 187) (broadband, 192) (digital TV, 164).

8.3 Ease of switching in the communications markets

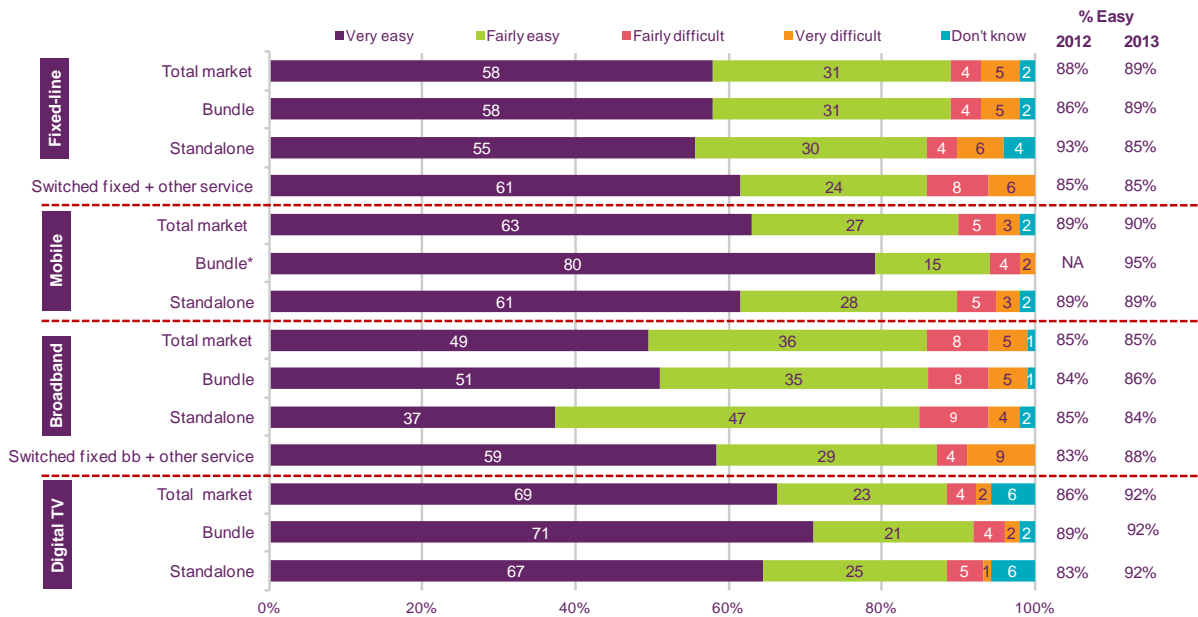
For consumers to take advantage of the increasing competition in the communications markets, and for communications markets to work effectively, consumers must be able to switch with comparative ease, if they choose to do so. As mentioned above in the *Consumer choice and value* section, 60% of consumers choose to purchase at least some of their households communications services as part of a package or bundle, and a quarter (26%) of all switchers across markets switch more than one service at the same time.

8.3.1 Most switchers consider it ‘easy to switch’ – but more than one in ten fixed broadband switchers said it was difficult

The majority of switchers (between 84% and 92%) considered it very, or fairly, easy to switch provider. But for some switchers (between 6% and 14%) changing provider was something they considered ‘difficult’. Stated difficulty varied by market.

The fixed broadband market continues to report the highest levels of stated difficulty in switching, at 13%. Stated difficulty in this market is broadly consistent regardless of purchasing behaviour, or whether additional services are switched at the same time. In the fixed voice market difficulty rises to 14% when this service is switched alongside other service/s – most commonly fixed broadband.

Figure 141 Consumer opinions about ease of switching supplier, by purchasing behaviour, among those who have ever switched



Source: Ofcom decision-making survey carried out by Saville Rossiter-Base in July to August 2013
 Base: All adults aged 16+ who are the decision-maker and have ever switched provider for fixed line (2013, 619), mobile (2013, 708), broadband (2013, 468), digital TV (2013, 213).

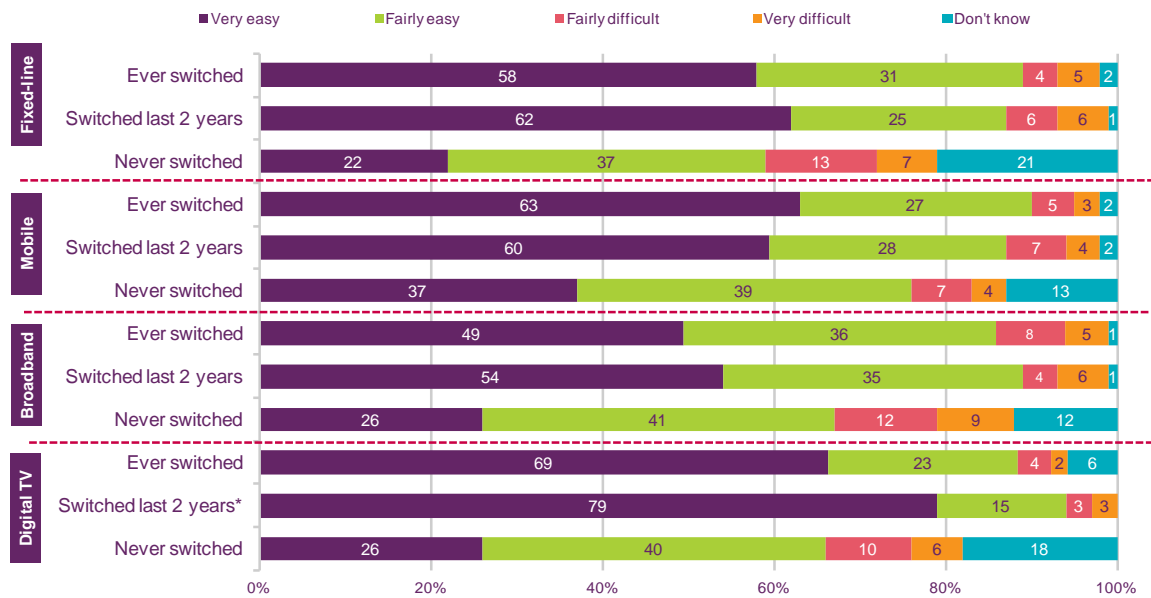
* Low base for mobile bundlers so treat as indicative only. Too few interviews were conducted with mobile and digital TV consumers who switched multiple services at the same time.

8.3.2 Many continue to perceive switching as more difficult than the reality

The mobile market continues to report the lowest levels of perceived difficulty in switching among non-switchers, at around one in ten (11%). Around twice as many non-switchers in each of the fixed voice and fixed broadband markets perceive switching to be either very, or fairly difficult (20% and 21% respectively). This perception may increase the ‘hassle’ barrier for some potential switchers.

As shown in the chart below (Figure 142), the stated ‘ease of switching’ remains broadly comparable among those who have ever switched compared to those who have switched more recently (i.e. in the past two years). None of the differences shown in the chart below are statistically significant.

Figure 142 Consumer opinions about ease of switching supplier, by when switched and never switched



Source: Ofcom decision-making survey carried out by Saville Rossiter-Base in July to August 2013
 Base: All adults aged 16+ who are the decision-maker and have ever switched provider for fixed line (619), mobile (708), broadband (468), digital TV (213). Switched provider in the last 2 years for fixed line (276), mobile (307), broadband (225), digital TV (*86). Never switched provider for fixed line (867), mobile (1010), broadband (719), digital TV (1313) *Caution: Low base, treat as indicative only

8.3.3 Half of switchers said they had experienced difficulties when switching provider

The general perception among switchers, after switching, was that the process was at least relatively easy (as shown above). However, when prompted, around half of switchers in each of the fixed line, fixed broadband and mobile markets said they had experienced some difficulties during their experience. Respondents were read out a list of potential issues and asked if they had experienced difficulties with any of these. The main issues causing difficulty varied by market.

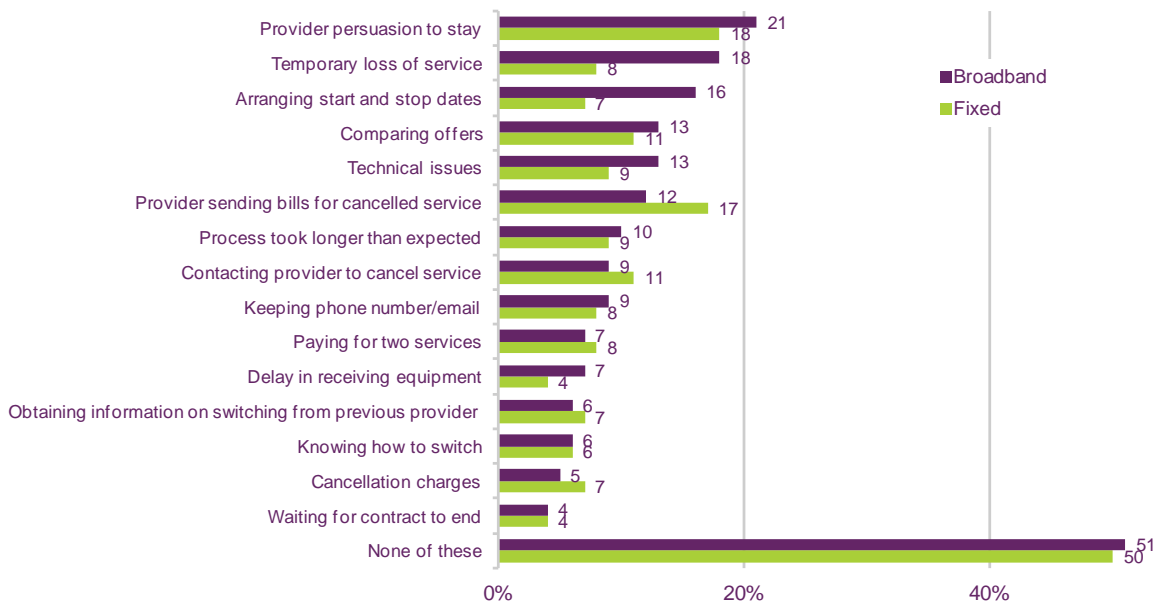
In the fixed broadband market the top three issues causing difficulty were ‘provider persuasion to stay’, ‘arranging start and stop times’ and ‘temporary loss of service’. Each of these issues was stated by around a fifth of fixed broadband switchers.

In the fixed-line market ‘provider persuasion to stay’ was also one of the top mentions, but this was followed by ‘provider sending bills for cancelled service’.

A range of other potential issues were stated by around one in ten switchers in each of the markets. These included ‘technical issues’, ‘contacting provider to cancel the service’ and ‘keeping phone number/email’.

Given the relatively low levels of switching in the digital TV market, sample sizes were too low to provide comparative analysis.

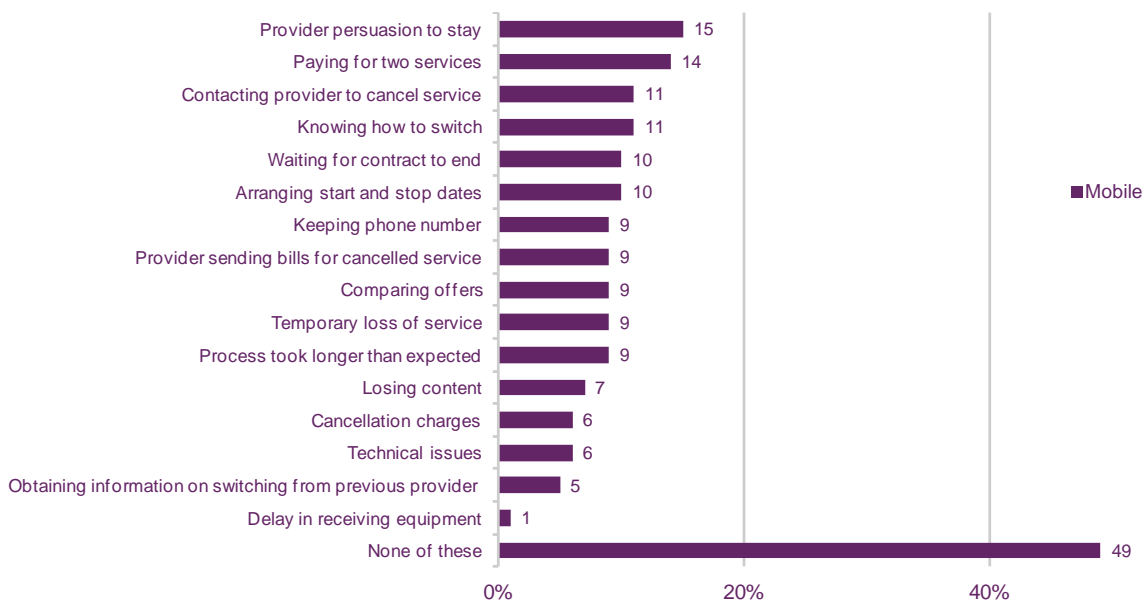
Figure 143 Experience of prompted issues among those who had switched fixed and/or fixed broadband provider in past 12 months



Source: Ofcom decision-making survey carried out by Saville Rossiter-Base in July to August 2013
 Base: All adults aged 16+ who switched provider in the last 12 months for fixed-line (159), fixed broadband (141)

Similarly, in the mobile market around half (51%) of switchers said they had experienced difficulty with at least one of the prompted issues. While chosen by fewer than in the fixed and fixed broadband markets, one of the top-mentioned issues was ‘provider persuasion to stay’. This was followed by ‘paying for two services’.

Figure 144 Experience of prompted issues among those who had switched mobile provider in past 12 months



Source: Ofcom decision-making survey carried out by Saville Rossiter-Base in July to August 2013
 Base: All adults aged 16+ who switched provider in the last 12 months for mobile (160).

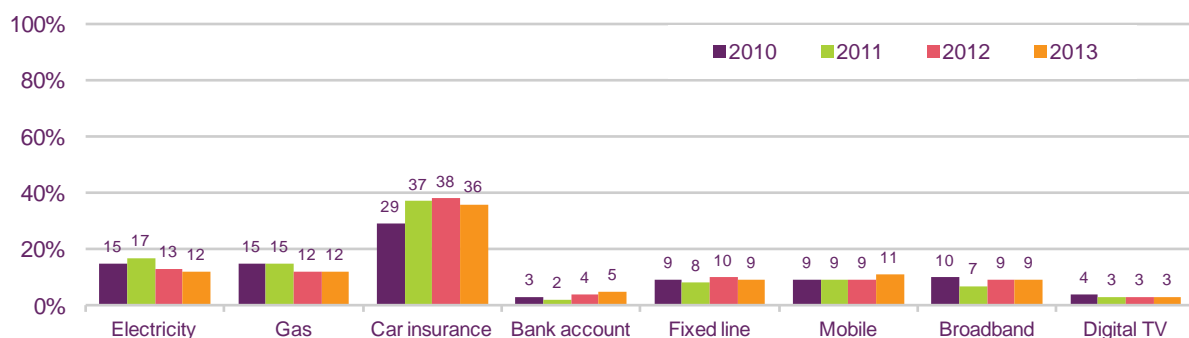
8.4 Comparison with switching in other markets

8.4.1 Switching communications provider remains comparable with utilities

The following switching data for communications services are based on switching across the total markets.

Consumers were asked whether they had switched supplier for other services and utilities within the past 12 months (Figure 145). Of the markets compared, consumers remain most likely to switch their car insurance provider on a yearly basis (36%). The decline in switching in each of the gas and electricity markets noted last year has been maintained and switching stands at 12% in each of these markets.

Figure 145 Proportion of consumers who have switched communications and utilities supplier in the past 12 months⁶⁷



Source: Ofcom decision-making survey carried out by Saville Rossiter-Base in July to August 2009, June to July 2011, July to August 2013

Base: All adults aged 16+ who are the decision-maker for fixed line (2013,1596), mobile (2013,1718), fixed broadband (2013, 1291), digital TV (2013,1592), electricity (2013,1583), gas (2013,1346), car insurance (2013,1389), bank account (2013,1783).

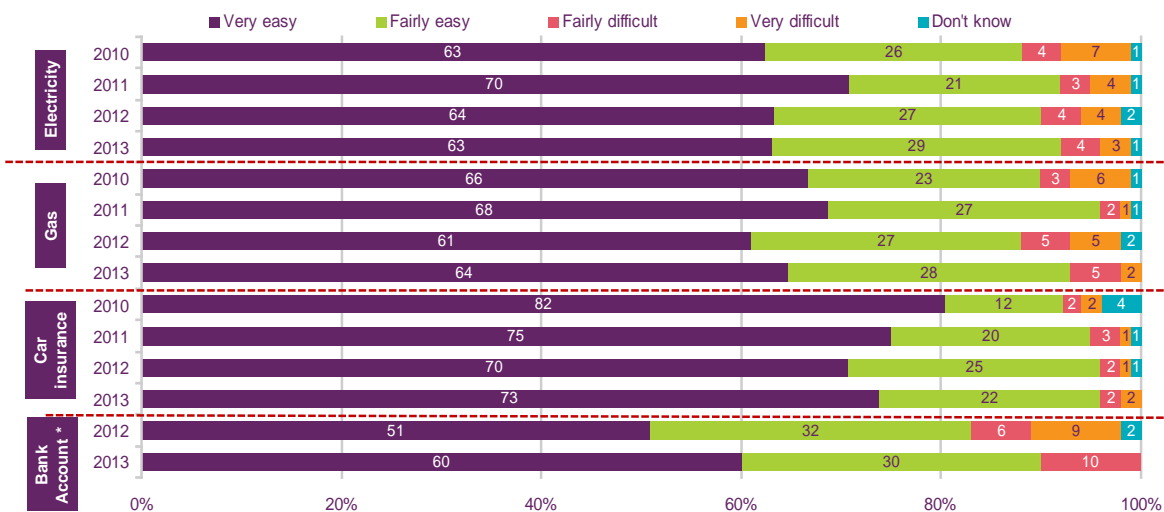
8.4.2 Stated ease of switching utilities is comparable with telecoms markets.

Of the markets compared, car insurance (where we see the highest levels of yearly switching, at 36%) continues to report the lowest stated difficulty with switching, at 4%. In comparison, among those who had switched bank account in the past 12 months (where we see some of the lowest switching levels, at 4%), the proportion experiencing difficulty was significantly higher, at 10%.

For switching gas and electricity, 7% of switchers said this was difficult.

⁶⁷ Switching data in the communications markets are based on standalone purchasers for 2009 and 2011

Figure 146 Consumer opinions on ease of switching utilities supplier, among those who had switched in the past 12 months



Source: Ofcom decision-making survey carried out by Saville Rossiter-Base in July to August 2010, June to July 2011, July to August 2012 and 2013

Base: All adults aged 16+ who are the decision-maker and have switched provider in the last 12 months for electricity (2013, 185), gas (2013, 153), car insurance (2013, 492), bank account (2013, 59).

*Caution: Low base in 2012 so treat as indicative only, and base too low for reporting in 2010 and 2011.

8.5 Satisfaction with communications services and providers

Please note – with the exception of the data that report satisfaction with value for money, the following satisfaction data for 2012 and 2013 are based on opinions among all decision makers within each market, and as such, are not directly comparable with data prior to 2012⁶⁸. Subsequent charts highlight demographic differences in the levels of dissatisfaction.

8.5.1 The majority of consumers remain satisfied with their services overall, with dissatisfaction highest in fixed broadband, at one in ten

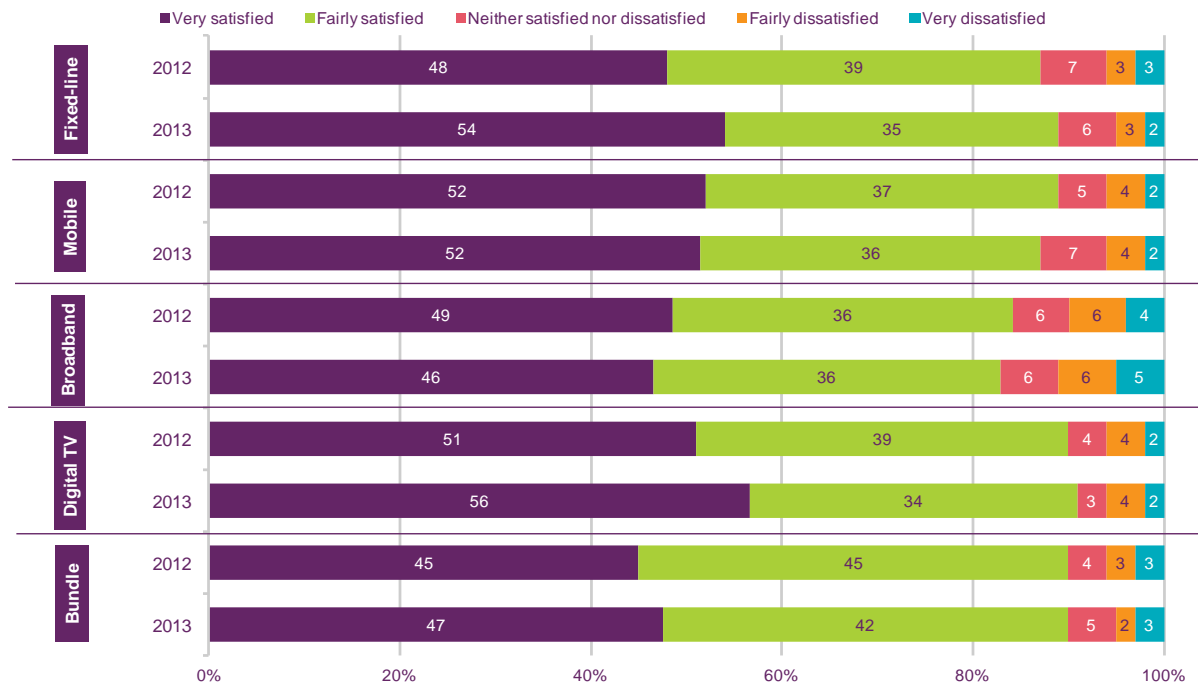
Data prior to 2012 was based on standalone purchasers only and as such are not directly comparable to the 2012-13 data. Consequently, these trend data have been removed and the chart below shows the short-term trend in satisfaction across each market as a whole.

The majority of consumers in each market remain satisfied with their services overall, with dissatisfaction at between 5% and 11% across markets - highest in the fixed broadband market. Just over one in ten (14%) fixed broadband customers said they had had cause to complain about their fixed broadband service in the past 12 months, as reported in the *Consumer protection* section, which is higher than reported in each of the other communications markets.

⁶⁸ Data adjusted in 2012 to report total market satisfaction and as such data prior to 2012 are not directly comparable, so although analysis provides a good indication of trend, we cannot be certain whether any changes indicated are real or due to the change in methodology

Levels of overall satisfaction remained fairly consistent between 2012 and 2013 across each of the communications markets, with very little variation in levels of dissatisfaction across the demographic groups within each market.

Figure 147 Satisfaction with overall services from communications supplier - total market: 2012-2013



Source: Ofcom decision-making survey carried out by Saville Rossiter-Base in July to August 2012 and 2013

Base: All adults aged 16+ who are the decision-maker and express an opinion on fixed line (2012, 1622) (2013,1576), mobile (2012, 1704) (2013,1702), fixed broadband (2012, 1333) (2013,1283), digital TV (2012, 1481) (2013,1584) any bundlers (2012, 654) (2013, 1119) Don't know responses have been excluded from the base.

In each of the fixed broadband and mobile markets, satisfaction varies according to specific factors. In the fixed broadband market around a fifth of engaged consumers (22%) are dissatisfied with the overall service from their current provider, twice the average level (11%). In the mobile market, there are indications of lower satisfaction among contract customers (86%) compared to pre-pay (90%), but this is due to the higher proportions who are neither satisfied nor dissatisfied in the mobile contract market.

8.5.2 Dissatisfaction with reliability of mobile and fixed broadband is highest in rural areas

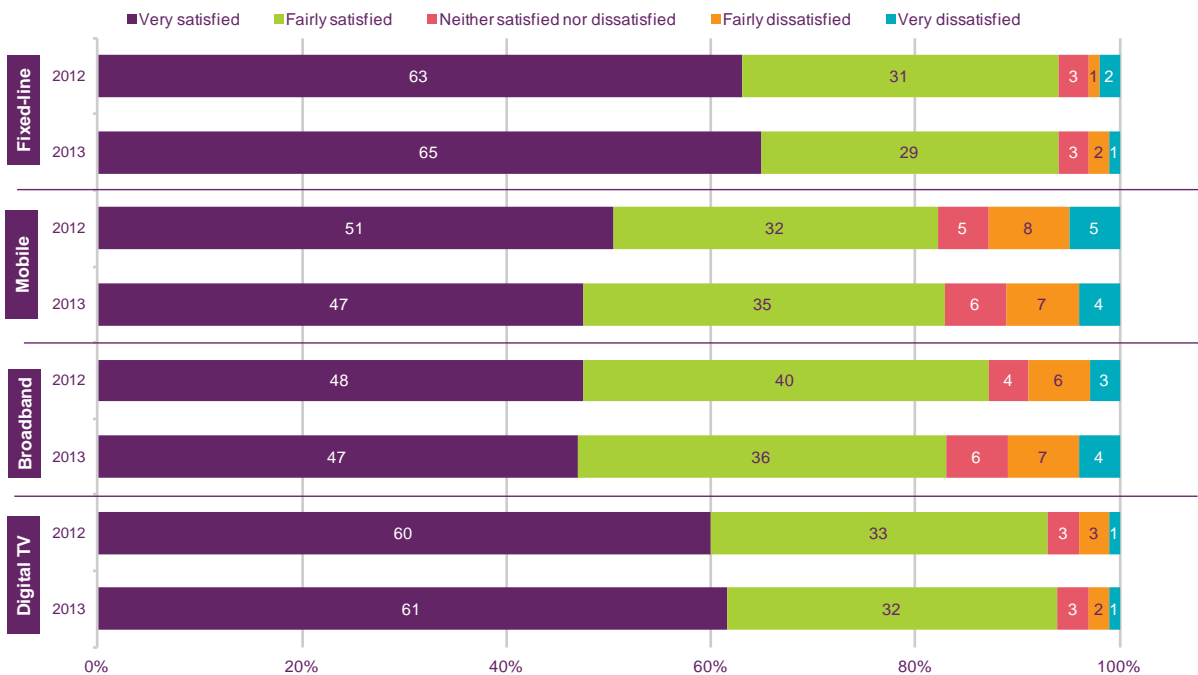
The reliability of a service should not vary according to how consumers purchase it, so, as with overall satisfaction, the following data are based on consumers across each market regardless of purchasing behaviour. We would expect the reliability of a service to be independent of consumers' purchasing behaviour.

Data prior to 2012 were based on standalone purchasers only, and are not directly comparable to the 2012-13 data. Consequently, these trend data have been removed, and the chart below shows the short-term trend in satisfaction across each market as a whole.

Satisfaction with reliability is highest in the fixed voice (94%) and digital TV markets (93%) and remains unchanged over the past 12 months. Satisfaction is lower in the fixed broadband (83%) market and has declined significantly in the past 12 months, from 88% in 2012, with dissatisfaction remaining at around one in ten (11%).

In the mobile market we ask about satisfaction with reception and the ease of accessing the network. This currently stands at 82%, unchanged since 2012. Dissatisfaction in this market is highest among those classified as 'engaged', at 21% compared to the 12% average. As noted above, this may reflect the profile of 'engaged consumers' i.e. higher proportions currently considering switching, but it may also suggest that dissatisfaction with the network may be a factor driving these consumers to consider alternatives.

Figure 148 Satisfaction with reliability of service (reception/ease of accessing mobile network) among total market: 2012-2013

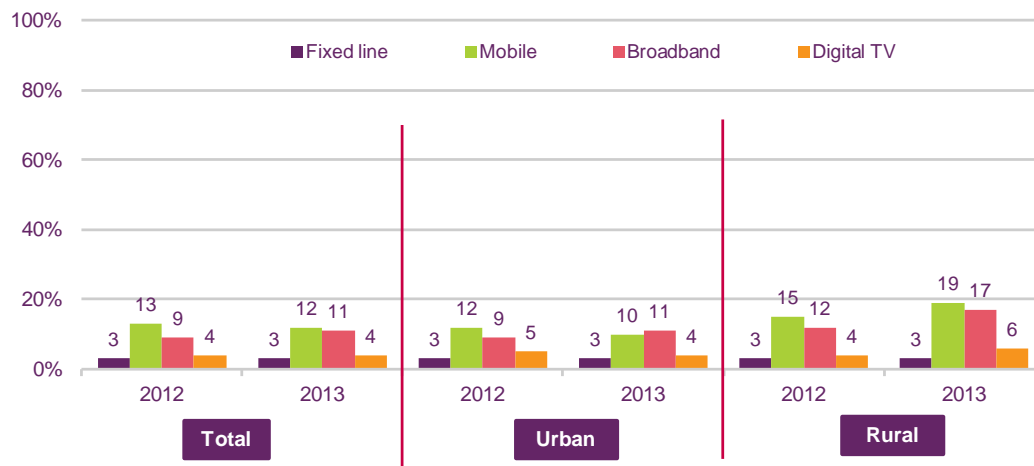


Source: Ofcom decision-making survey carried out by Saville Rossiter-Base in July to August 2012 and 2013

Base: All adults aged 16+ who are the decision-maker and express an opinion on fixed line (2012, 1624) (2013, 1576), mobile (2012, 1703) (2013, 1703), fixed broadband (2012, 1337) (2013, 1283), digital TV (2012, 1468) (2013, 1583). 'Don't know' responses have been excluded from the base.

The highest levels of dissatisfaction with reliability are noted among consumers living in rural areas, with dissatisfaction with fixed broadband at 17% and mobile at 19% - significantly higher than the averages for these markets (11% and 12%). The apparent rise in dissatisfaction noted in the mobile and fixed broadband markets is not statistically significant.

Figure 149 Dissatisfaction with reliability of service, by urbanity: 2012-2013



Source: Ofcom decision-making survey carried out by Saville Rossiter-Base in July to August 2012 and 2013

Base: All adults aged 16+ who are the decision-maker and express an opinion on fixed line (2013, 1576), mobile (2013, 1703), broadband (2013, 1283), digital TV (2013, 1583). Don't know responses have been excluded from the base

8.5.3 Dissatisfaction with value for money highest among fixed broadband standalone purchasers and bundlers

Consumers purchasing a bundle of services tend to be billed, or pay a set monthly fee, for all the services included in their package. Therefore, the following analysis has been conducted among standalone purchasers in each market compared to those who bundle any services. As such, longer-term trend data are available and bi-annual trend data are reported below.

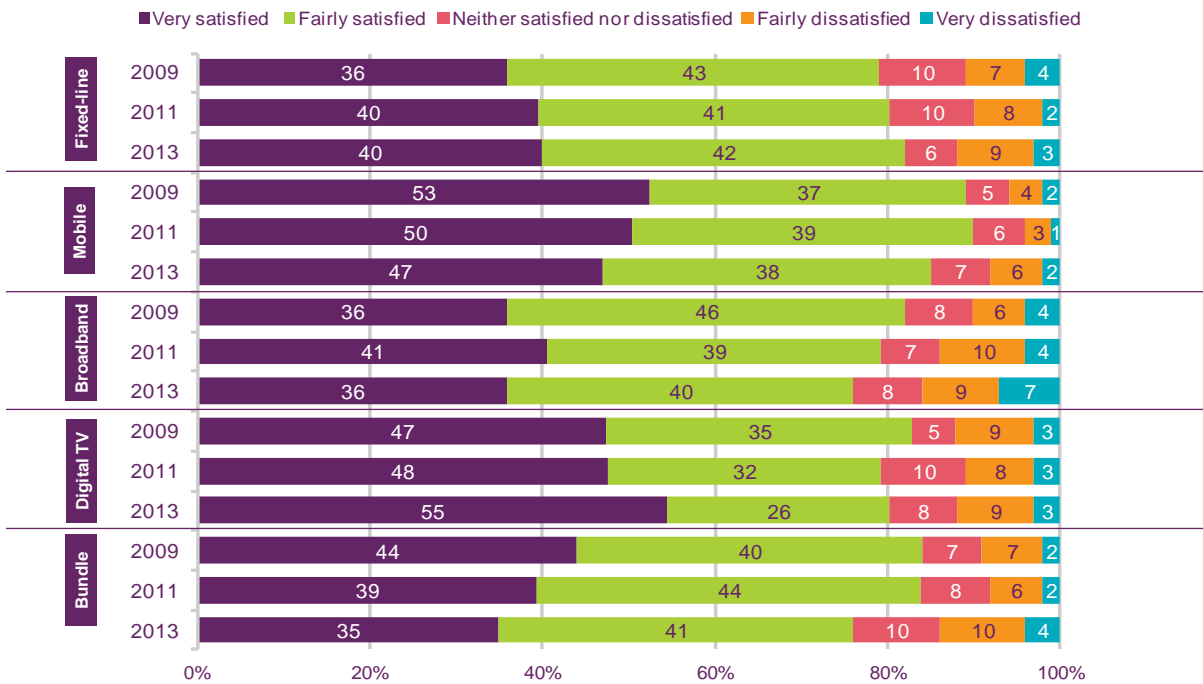
In the fixed-line market, where there has been a continued shift towards bundling, dissatisfaction among the remaining standalone purchasers stands at 12%, indicating no significant change over the last few years.

Similarly, in the fixed broadband market there are indications that consumers are switching to bundled services. Dissatisfaction with value for money among the remaining standalone purchasers in this market stands at 16%. This has not changed significantly over the last few years.

Purchasing behaviour in the mobile market remains broadly unchanged, with the majority continuing to purchase this as a standalone service. However, there has been a significant shift towards contract mobiles and smartphones. Satisfaction with value for money in the mobile market among standalone purchasers remains broadly unchanged, with dissatisfaction at 8%.

The only significant change in satisfaction levels has been among bundlers, where dissatisfaction now stands at 14%, nearly twice the level reported in 2011 (shown below) and 2012 (8%). Dissatisfaction appears to be driven by levels of engagement and type of package, rising to 23% among bundlers classified as 'engaged' – driven by significantly higher dissatisfaction among those who have considered switching in the past 12 months (31%). Triple-play bundlers are less satisfied with value for money (17% dissatisfied) than dual-play bundlers (11%).

Figure 150 Satisfaction with value for money: 2009-2013

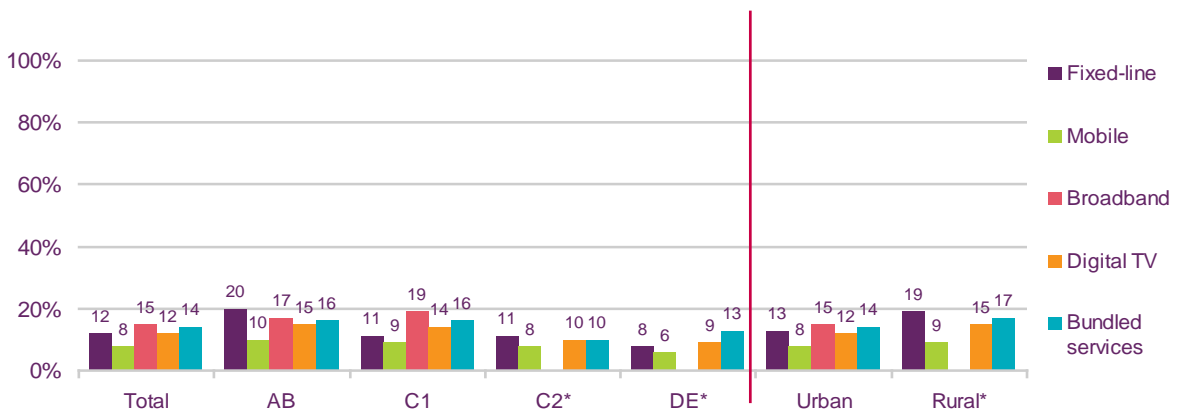


Source: Ofcom decision-making survey carried out by Saville Rossiter-Base in July to August 2009, June to July 2011, July to August 2013

Base: All adults aged 16+ who are the decision-maker and express an opinion on fixed line (2009, 779) (2011, 569) (2013, 501), mobile (2009, 1224) (2011, 1544) (2013, 1582), broadband (2009, 384) (2011, 248) (2013, 218), digital TV (2009, 826) (2011, 923) (2013, 1086), bundle (2009, 631) (2011, 790) (2013, 1119). 'Don't know' responses have been excluded from the base.

The rise in dissatisfaction with value for money among bundlers is consistent across all demographic groups; up by at least six percentage points, with the highest rises noted among people in socio-economic groups AB (+8pp) and DE (+10pp).

Figure 151 Dissatisfaction with value for money, by socio-economic group and urbanity



Source: Ofcom decision-making survey carried out by Saville Rossiter-Base in July to August 2013
 Base: All adults aged 16+ who are the decision-maker and express an opinion on fixed line (2013, 501), mobile (2013, 1582), broadband (2013, 218), digital TV (2013, 1086), bundled services (2013, 1119). *Caution: Base too low for broadband C2 and DE and rural and a low base for fixed-line rural, so treat as indicative only. 'Don't know' responses have been excluded from the base.

8.5.4 Three-quarters of broadband customers are satisfied with the speeds they are getting while online

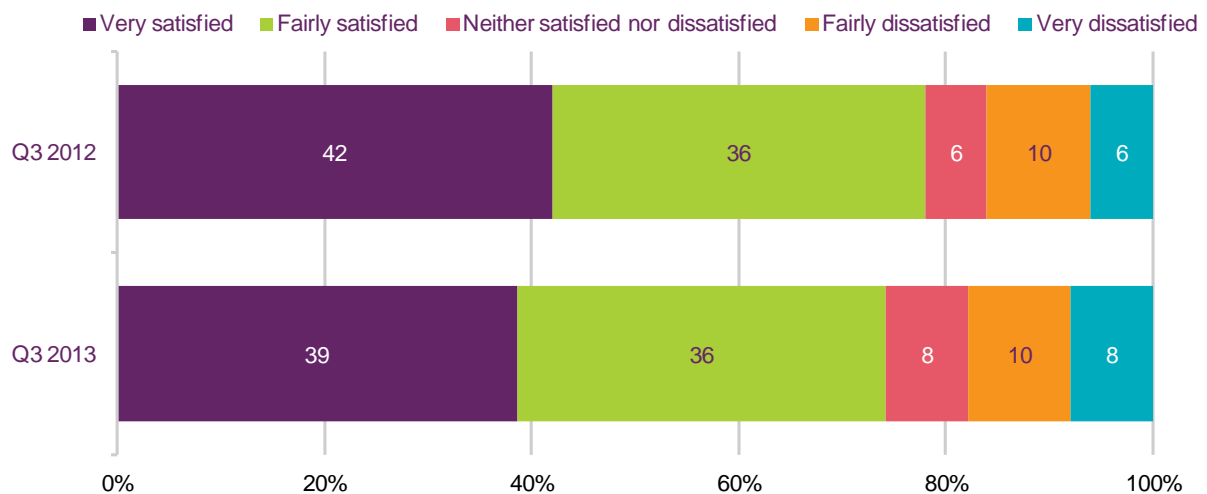
A service aspect specific to the broadband market is speed. As stated in the earlier *Availability of services and providers* section, Ofcom research⁶⁹ has found that the overall average actual download speed in the UK had increased from 9.0Mbit/s in May 2012 to 14.7Mbit/s in May 2013.

Two in five fixed broadband customers who expressed an opinion said they were very satisfied with the speed of their broadband service (Figure 152) and in total, three-quarters were satisfied.

Dissatisfaction was highest among the more engaged segments and stood at 26% among 'engaged' fixed broadband customers and at 19% among those classified as 'interested'. This suggests that for these consumers speed of service might be a key factor driving potential switching decisions.

Levels of dissatisfaction also vary by urbanity, with fixed broadband customers living in rural areas twice as dissatisfied with the speed of their service while online, than those living in urban areas (32% vs. 16%). There has been no significant change in these levels since last reported in 2012.

Figure 152 Satisfaction with speed of fixed broadband service while online: 2012-2013



Source: Ofcom decision-making survey carried out by Saville Rossiter-Base in July to August 2012-2013

Base: All adults aged 16+ who are the fixed broadband decision-maker who expressed an opinion (2012, 1318) (2013, 1254).

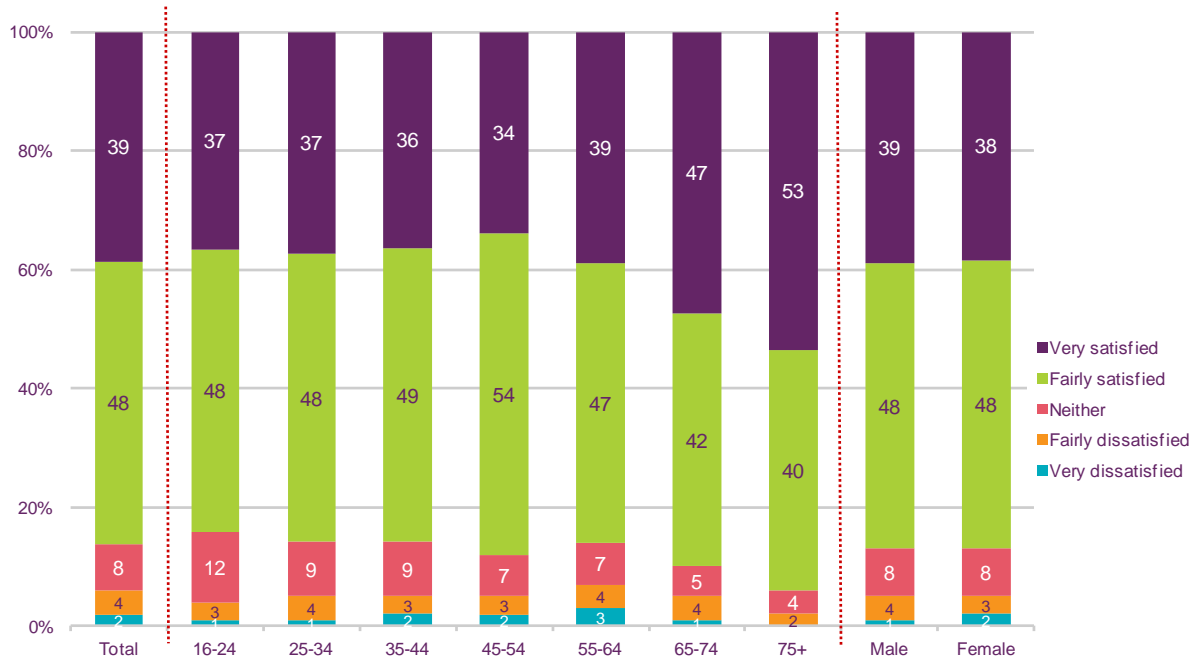
Note: 'Don't know' responses have been excluded from the base.

⁶⁹ http://stakeholders.ofcom.org.uk/binaries/research/broadband-research/may2012/Fixed_bb_speeds_May_2013.pdf

8.5.5 Just under nine in ten adults are satisfied with the postal service overall

Almost nine in ten (87%) residential consumers were satisfied with the postal service as a whole (Figure 153). Those aged over 75 were the most likely to say they were satisfied with the postal service (93%).

Figure 153 Overall satisfaction with the postal service, by age and gender



Source: Ofcom post tracking survey

Base: All adults 16+ (4844)

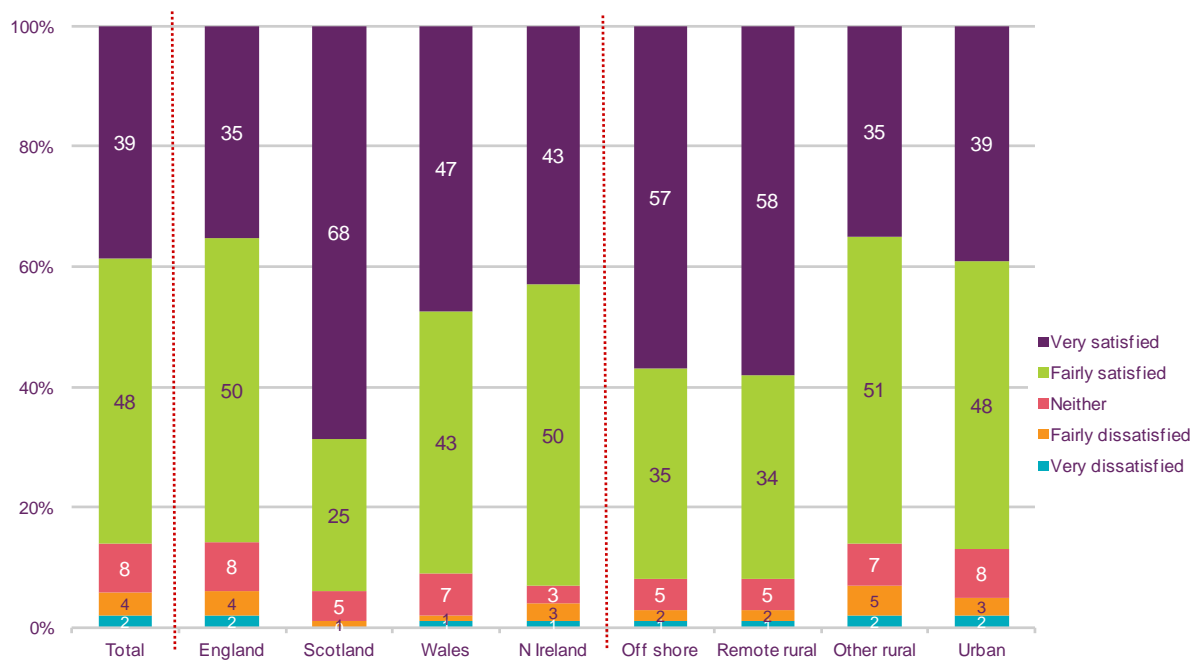
QE2. Thinking about your experience of using the postal service to send and receive mail, how would you rate your overall satisfaction with the postal service?

As shown in Figure 154, satisfaction was higher for those in Scotland (93%), Northern Ireland (93%), off-shore⁷⁰ (92%) and remote rural⁷¹ locations (92%).

⁷⁰ The 'off-shore locations' quota comprises the Scottish Islands (population 99859) and the Isle of Wight (population 140,500).

⁷¹ 'Remote rural' is defined as a village or hamlet with a population of fewer than 2,000 or open countryside that is more than ten miles from a large urban area (defined as having a population of at least 15,000).

Figure 154 Overall satisfaction with the postal service, by nation and urbanity



Source: Ofcom post tracking survey

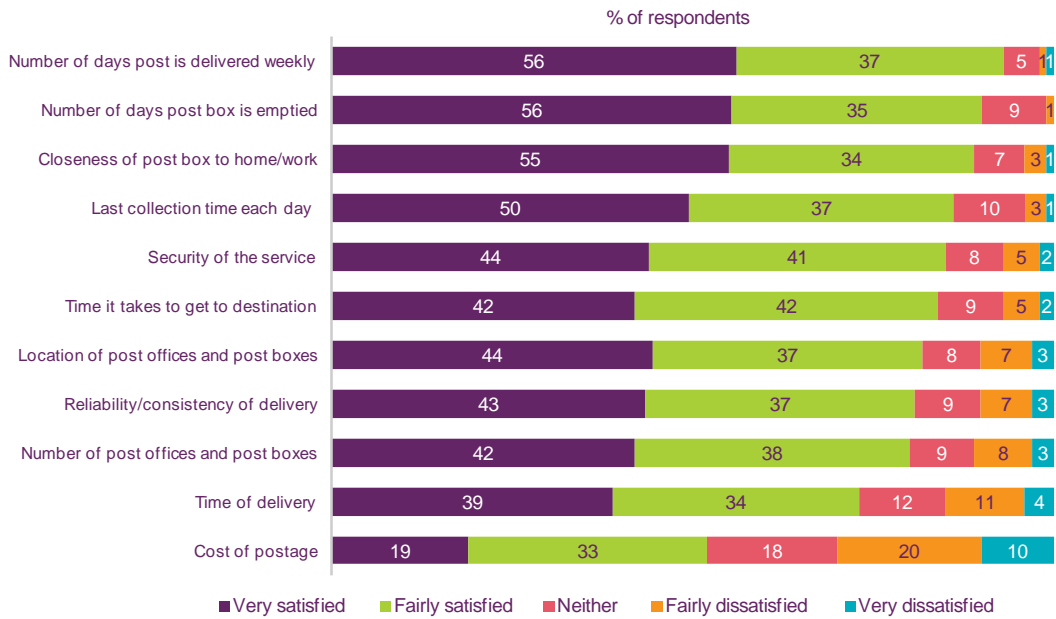
Base: All adults 16+ (4844)

QE2. Thinking about your experience of using the postal service to send and receive mail, how would you rate your overall satisfaction with the postal service?

8.5.6 Around eight in ten consumers are satisfied with most aspects of Royal Mail’s postal service, although only half were satisfied with the cost of postage

Consumers were asked how satisfied they were with specific aspects of the postal services (Figure 155). Aspects of Royal Mail’s service that received the highest ratings were the number of days post is delivered weekly (93%), number of days post box is emptied (91%), closeness of post box to home/work (89%), last collection time each day (87%) and security of the service (85%). The lowest level of satisfaction was around the cost of postage, with just over half (52%) claiming to be satisfied with this aspect of the service. Eighteen per cent of adults claimed to be neither satisfied nor dissatisfied, and almost a third (30%) claimed to be very, or fairly, dissatisfied with the cost of postage.

Figure 155 Overall satisfaction with aspects of Royal Mail’s postal service



Source: Ofcom post tracking survey

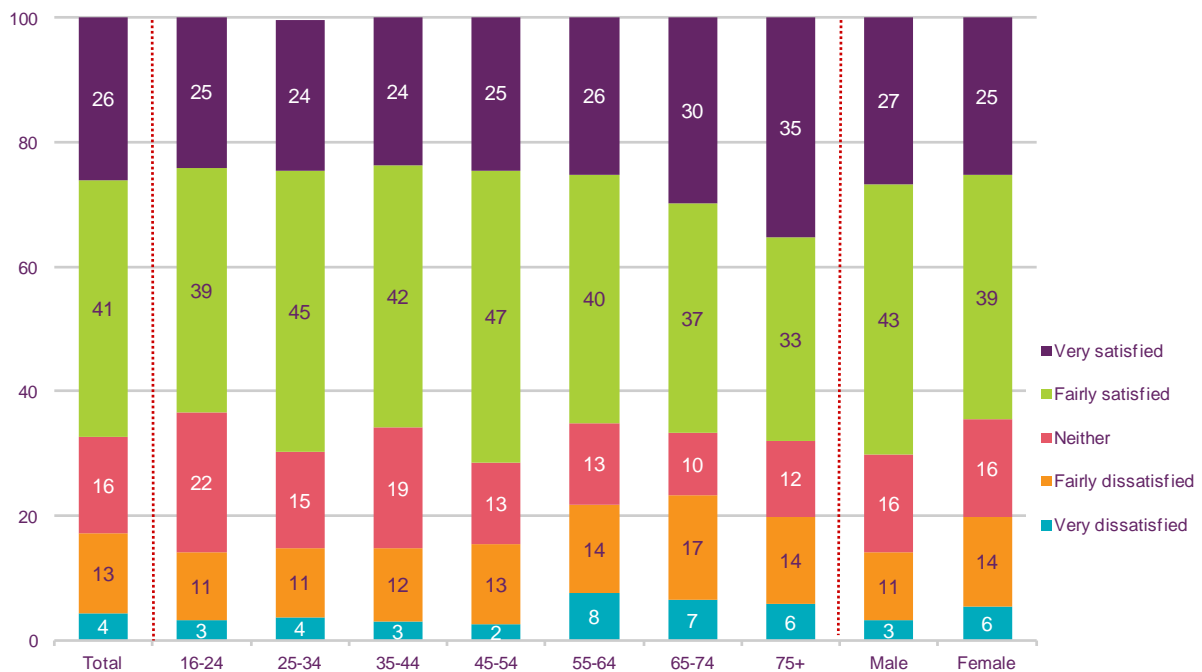
Base: All adults 16+ (4844)

Q: RM3: How would you rate the performance of Royal Mail as a recipient or sender in the following areas on a 5-point scale where 1 is very dissatisfied and 10 is very satisfied

8.5.7 Two-thirds of postal users are satisfied with the value for money provided by the postal service

Satisfaction with the value for money of the postal service is higher than with the cost of postage. Overall, 67% of consumers said they were satisfied with the postal service in terms of value for money. 16-24s reported a lower level of satisfaction than other age groups (Figure 156).

Figure 156 Satisfaction with the postal service: value for money, by age and gender



Source: Ofcom post tracking survey.

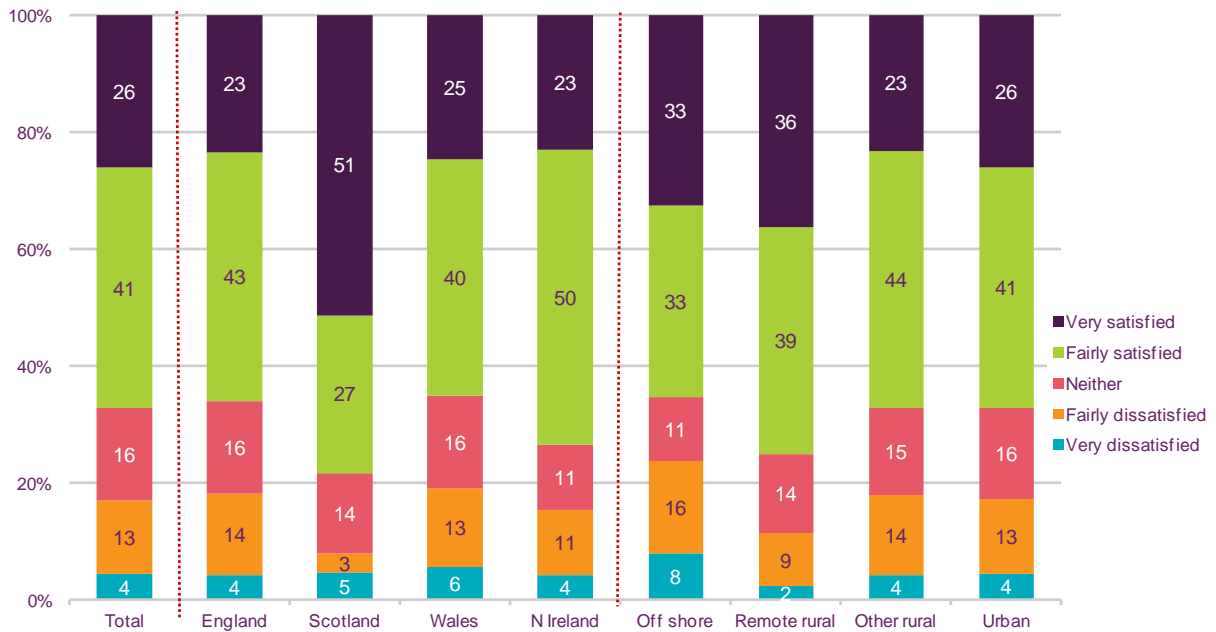
Base: All adults 16+ (4844)

QE4. How satisfied are you overall with the postal service in terms of value for money of sending mail?

As illustrated below, these satisfaction levels are significantly higher among participants in rural and remote locations.

Consumers in Scotland (78%), Northern Ireland (73%) and remote rural locations (75%) were the most likely to be satisfied with the postal service in terms of value for money (Figure 157).

Figure 157 Satisfaction with the postal service: value for money, by nation and location



Source: Ofcom post tracking survey.

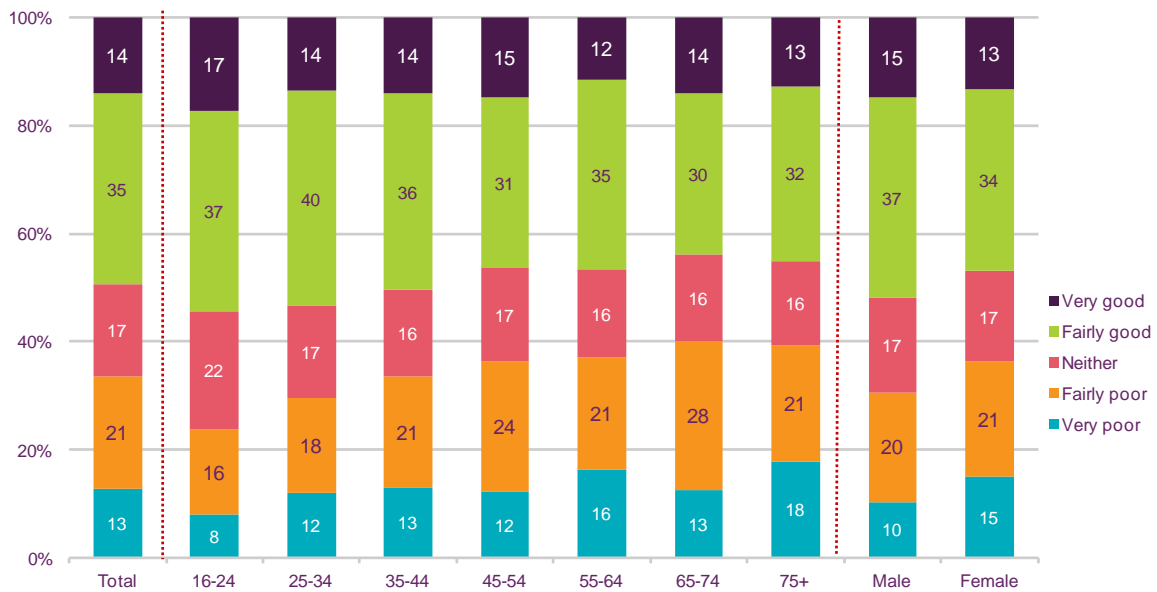
Base: All adults 16+ (4844)

QE4. How satisfied are you overall with the postal service in terms of value for money of sending mail?

8.5.8 Half of consumers considered First Class stamps offered good value for money

As shown in Figure 158 and Figure 159 below, when asked about the value for money of First and Second Class stamps, just under half of consumers (49%) considered that First Class stamps offered good value for money, while two in five (41%) considered Second Class stamps good value. The perceived value for money, for both First and Second Class stamps, declined with age.

Figure 158 Value for money of First Class stamps, by age and gender

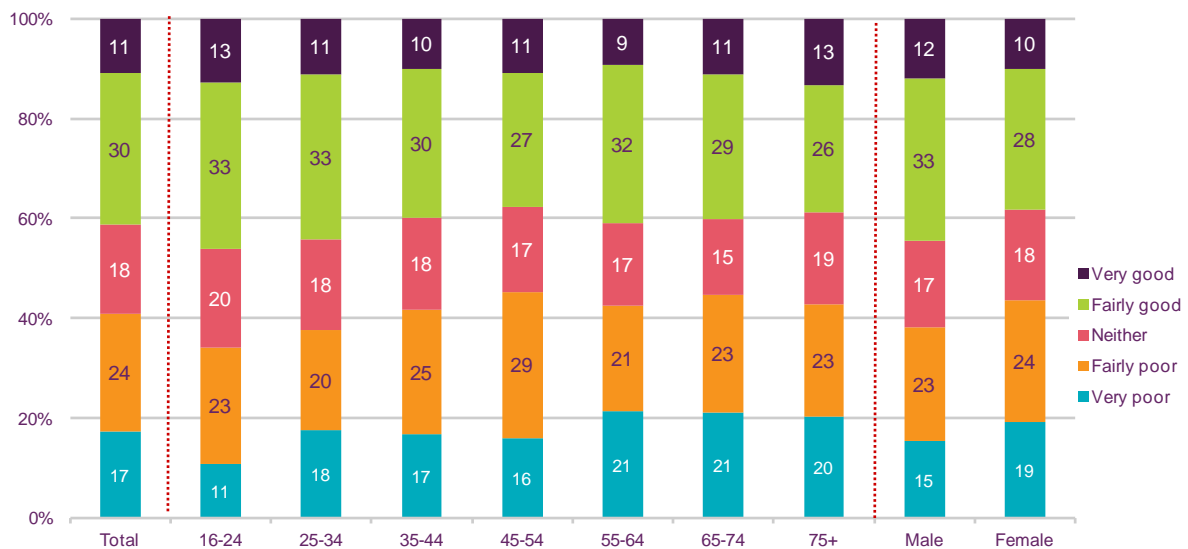


Source: Ofcom residential post tracking survey.

Base: All adults 16+ (4844)

QF3: It currently costs 60p to send a standard letter First Class within the UK, how would you rate Royal Mail's First Class service in terms of value for money?

Figure 159 Value for money of a Second Class stamps, by age and gender



Source: Ofcom residential post tracking survey.

Base: All adults 16+ (4844)

QF3: It currently costs 50p to send a standard letter Second Class within the UK, how would you rate Royal Mail's Second Class service in terms of value for money?

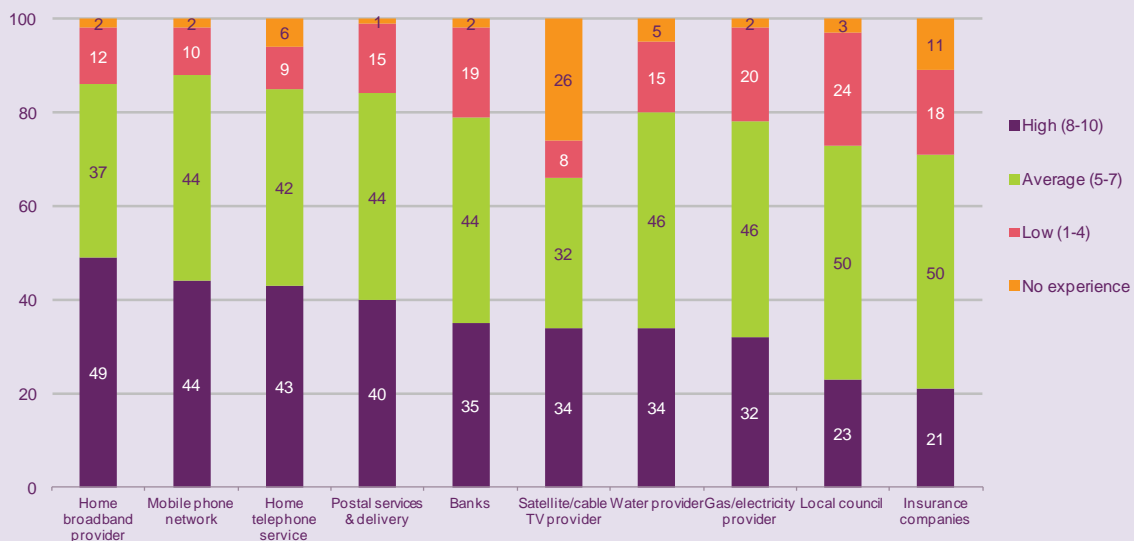
Comparison of value for money across sectors

A recent survey⁷² asked consumers to rate their main provider, within ten sectors, for value for money. While not directly comparable with the data shown above, this report provides a useful comparison of levels of satisfaction across different sectors⁷³.

Home broadband performed the strongest for value for money among the sectors explored, with just under half (49%) rating their provider highly for value for money. Of the other services reported, mobile phone providers (44%), home telephone companies (43%) and the postal service (40%) also rated comparatively 'high' for this measure.

Local councils were seen as offering the worst value for money, with just under one in four rating them 'low' for this measure. Around one in five also rated gas/electricity, banks and insurance companies 'low' for providing value for money.

Figure 160 Customers' perception of value for money across sectors



Source: *Customers in Britain*, Firebrand Insight
 Base: all adults (1,018)

Value for money across sectors: 2005 - 2013

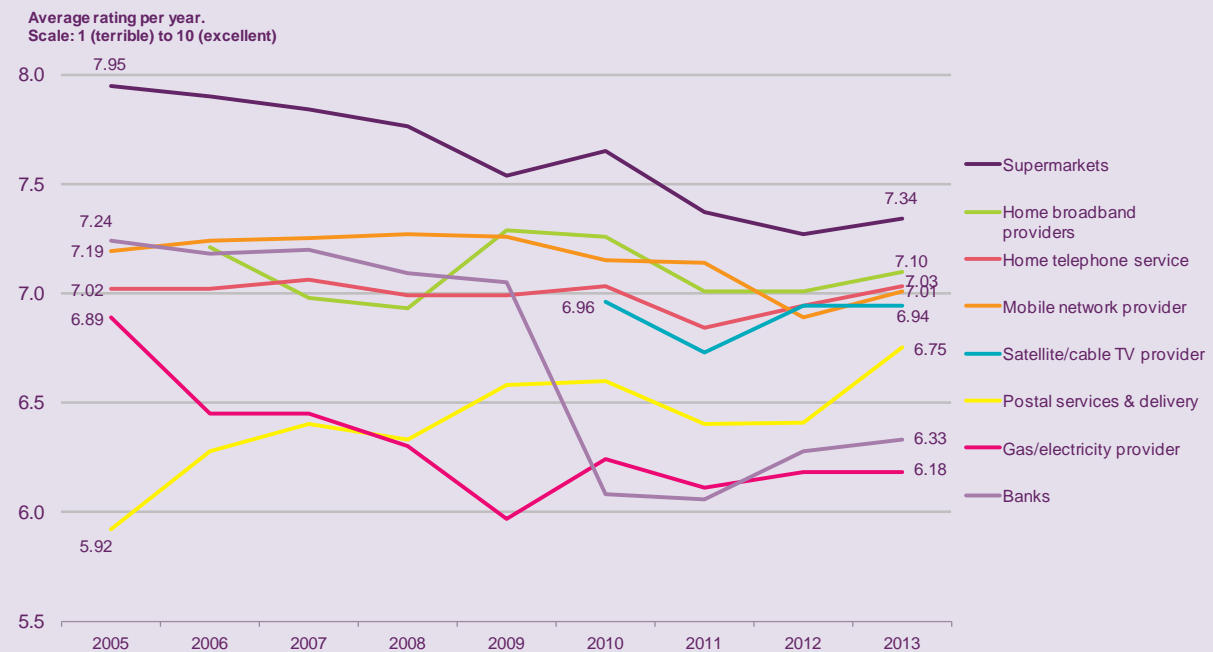
Over the last nine years the economic climate of the UK has changed. Over the same period consumer ratings of the value for money of nine sectors has been tracked. For many of the sectors value for money ratings have fallen over this time - most markedly banks, gas/electricity providers and supermarkets. Postal services and delivery is the only sector to have seen an increase in consumer perception of value for money.

Perception of value for money of home telephone services, satellite/cable TV providers and mobile providers has remained relatively stable from 2005 to 2013.

⁷² *Customers in Britain*, conducted by Firebrand Insight in 2013
<http://www.firebrandinsight.co.uk/sector-experience/our-life-in-britain-series>

⁷³ Note: the research was conducted before the autumn 2013 price rises in the energy sector were announced.

Figure 161 Customers' attitudes towards value for money across sectors: 2005 - 2013



Source: *Customers in Britain*, Firebrand Insight

Base: all adults (1,000+)

Q6a: Please give a rating for the value for money you receive from your main provider in each category, over the last 12 months.

8.6 Consumer information sources

8.6.1 The internet continues to dominate as the main source of trusted information

Participants were asked whether they could spontaneously name any information sources if they wanted to find out about:

- fixed-line providers, price plans and tariffs
- mobile phone handsets, price plans and tariffs and network providers
- broadband speeds, price plans, packages and providers
- ways of receiving multi-channel TV, channel packages and providers
- providers offering packages of services, and the types of packages available

Over 90% could name at least one source of trusted information on aspects of the mobile (92%), broadband (94%) and bundle markets (95%) – broadly unchanged since 2012. The proportion able to cite at least one source of information on the fixed-line market was lower than each of these markets, at 86%, but showed indications of a rise in awareness since 2012. Awareness of information on ways of receiving multi-channel TV and the packages and providers available stood at 89%.

However, awareness of trusted sources of information falls dramatically among older consumers for each of these markets. The proportions of consumers aged 65+ unaware of any trusted sources of information are around double the average, and range from 13% in the mobile market to 26% for fixed line. This lower awareness may indicate a lack of interest in these markets, but may also act as a barrier to switching, by increasing the perceived level of hassle involved for these consumers when searching for alternatives.

Figure 162 Actual sources of trusted information

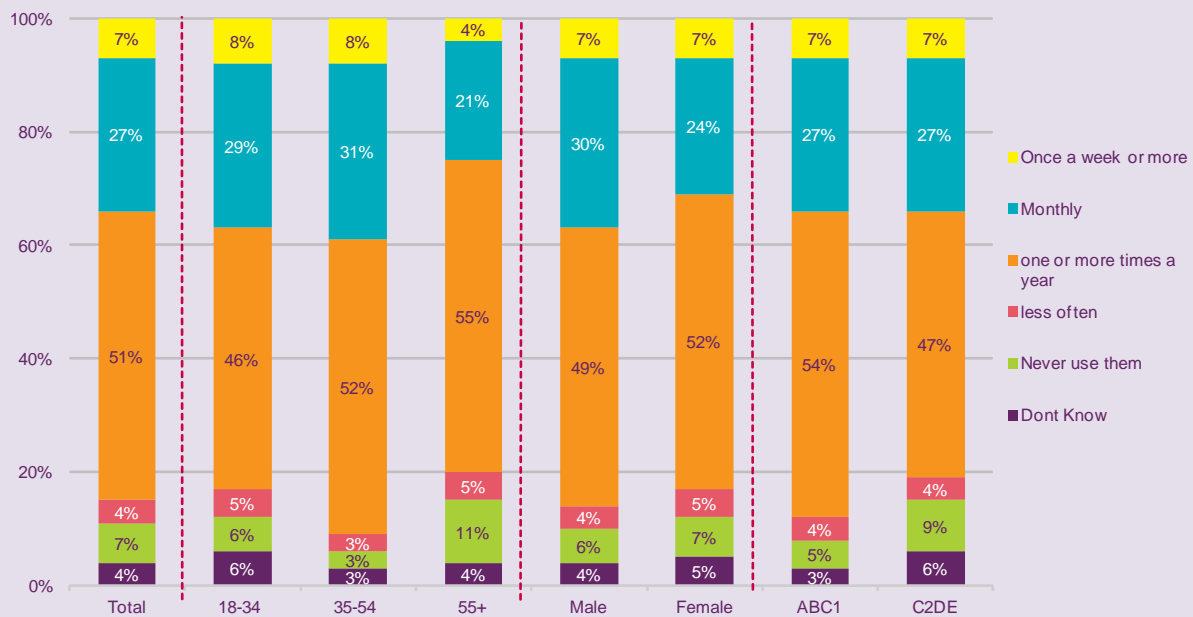
	Landline providers, price plans and tariffs	Mobile phone handsets, price plans and tariffs and network providers	Broadband speeds, price plans and packages and providers	Ways of receiving multichannel TV, channel packages and providers	Providers offering packages of services and the types of packages available
Websites of suppliers/ service providers	9%	8%	10%	9%	9%
Cost comparison websites	13%	8%	12%	8%	11%
Internet in general	56%	53%	67%	57%	70%
Family members	9%	10%	10%	11%	9%
Friends	9%	10%	12%	11%	11%
Colleagues	1%	1%	1%	1%	1%
Supplier already using for this service	4%	5%	2%	3%	3%
Another supplier not already using	1%	1%	1%	1%	2%
Visit shop/ store selling the technology/ device	2%	21%	3%	4%	2%
Magazines/ newspapers	4%	2%	3%	3%	4%
TV/ radio programmes/ advertising	2%	*%	2%	3%	3%
Leaflets in store/ post	1%	*%	*%	2%	1%
Government body/ regulator	1%	1%	1%	1%	1%
Other source of information	*%	*%	*%	*%	1%
Would not look for information/ advice	2%	1%	1%	2%	*%
Don't know	12%	7%	5%	9%	5%

Source: Ofcom decision-making survey carried out by Saville Rossiter-Base in July to August 2013. Base: All adults aged 16+ who are the decision-maker for fixed line (1596), mobile (1718), broadband (1291), digital TV (1592), bundle (1133).

Use and influence of price comparison sites

A recent survey⁷⁴ asked consumers about the use of price comparison sites. Around one in four (27%) reported that they used price comparison websites on a monthly basis and a further 7% used them more frequently. Over-55s and those in the socio-economic group C2DE are the least likely to be monthly users of comparison sites, or indeed use them at all (11% and 9% respectively saying they never use them).

Figure 163 Frequency of using price comparison websites



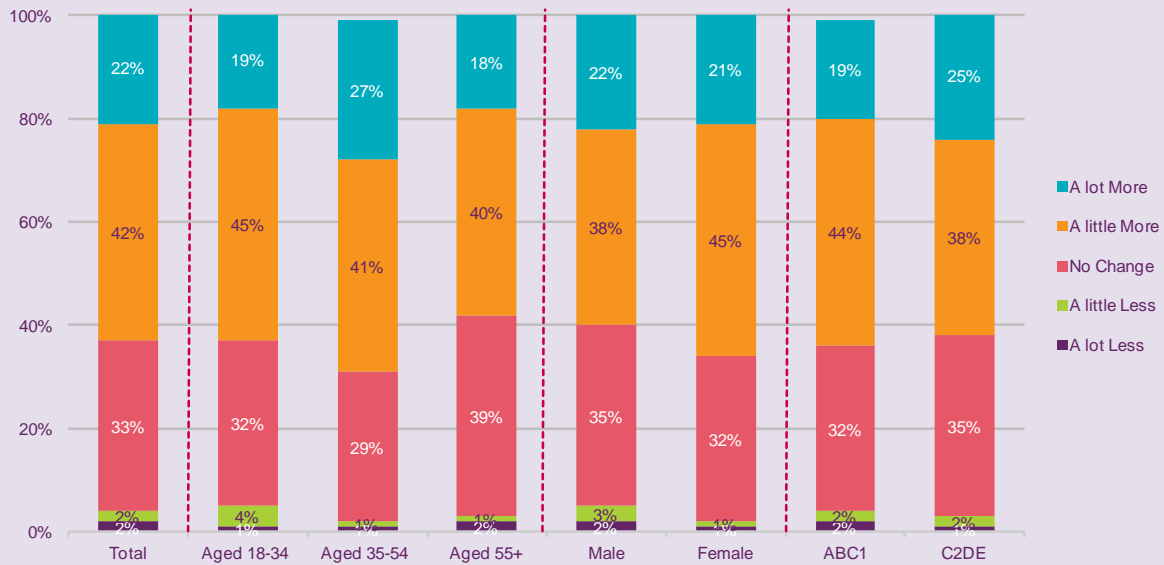
Source: *Customers in Britain 2013*, Firebrand Insight
 Base: All participants (2013, 1018)

When asked about how their use of price comparison sites had changed, two-thirds of consumers (64%) stated that their use of price comparison websites had increased over the past 12 months, with four in ten (42%) reporting they had used them ‘a little more’ and the remainder (22%) saying they now used price comparison websites ‘a lot more’ than 12 months ago. Overall, only 4% of consumers said that their use had decreased over the past 12 months.

Claimed use of these sites has increased the most among those aged 35–54, with more than two-thirds (68%) of this age group stating that their use had increased over the past 12 months (27% claiming it had increased a lot).

⁷⁴ *Customers in Britain*, conducted by Firebrand Insight in 2013
<http://www.firebrandinsight.co.uk/sector-experience/our-life-in-britain-series>

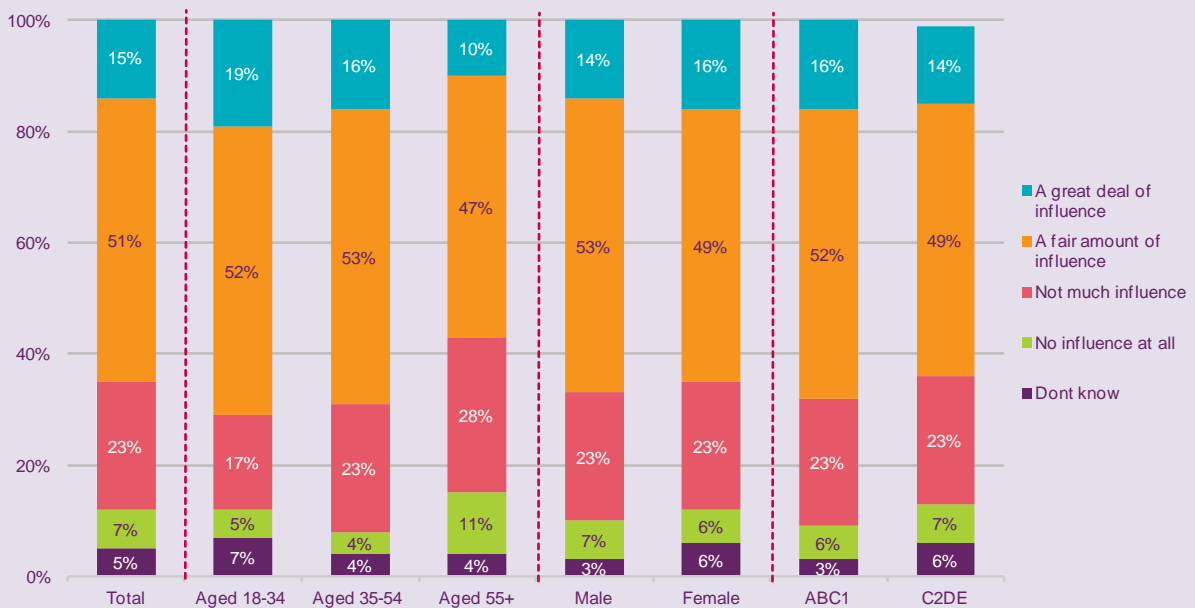
Figure 164 Price comparison website use over the past 12 months



Source: *Customers in Britain 2013*, Firebrand Insight
 Base: All participants (2013, 1018)

The importance to consumers of seeking a good ‘deal’ and using the internet and personal recommendations as trusted sources of information is also illustrated in this survey. Four in five (81%) participants stated that they agreed with the statement: “I make more of an effort than in the past to find the best deal”. As shown in Figure 165 below, two-thirds (66%) of consumers stated that price comparison websites had ‘a fair amount’ or ‘a great deal’ of influence on their purchasing decisions. This varies by age, with almost one in five (19%) 18-34s stating they had a great deal of influence, compared to one in ten (10%) over-55s.

Figure 165 Influence of price comparison websites on purchasing decisions



Source: *Customers in Britain 2013*, Firebrand Insight
 Base: All participants (2013, 1018)

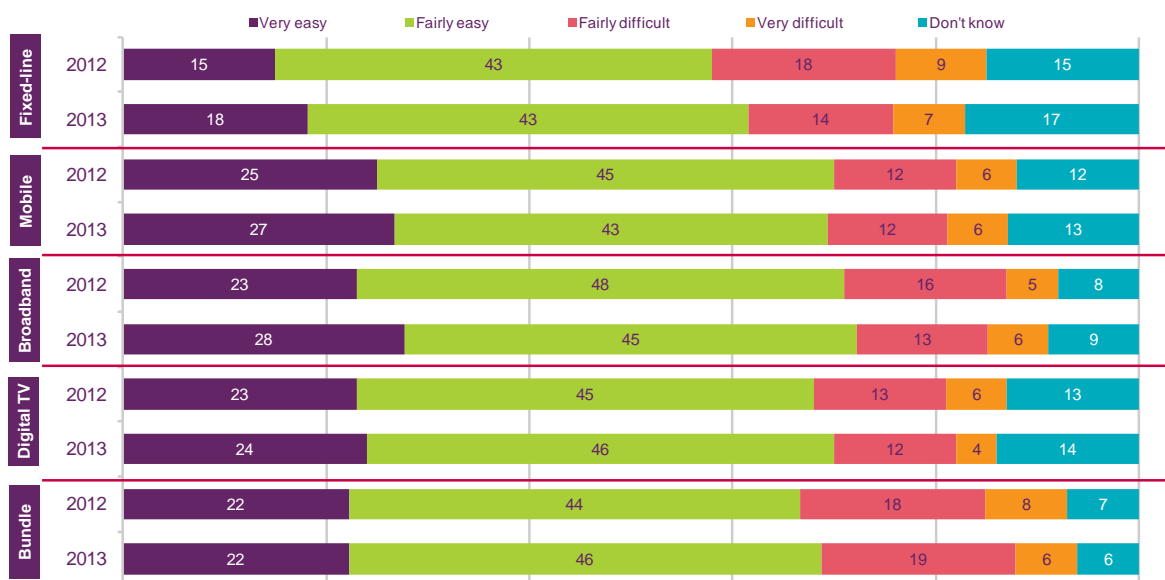
8.6.2 A quarter of consumers consider it difficult to compare the costs of bundles of communications services

The different ways consumers are using their devices, and the vast number of alternative tariffs and packages available, makes it important that consumers are able to make comparisons across providers on the aspects important to them, with relative ease.

The following analysis focuses on the ease of making cost comparisons within each market and in relation to comparing the costs of bundles of services. Further trend data on ease of making cost comparisons are available in previous reports, although previous data are based on standalone purchasers only.

Consumer opinions on the ease of making cost comparisons are becoming more comparable across markets. While consumers continue to be less likely to say it is easy to make comparisons in the fixed-line market (61%), stated ease of cost comparisons is broadly comparable across each of the other markets, at around seven in ten. But across markets, varying proportions of participants were unable to give a response, and it is interesting to look at the proportion who said it was ‘difficult’ to make this type of comparison. This analysis suggests that the greatest difficulty is in comparing the costs of bundles of communications services, with 25% saying that this is, or would be, difficult to do.

Figure 166 Consumers’ opinions on the ease of making cost comparisons⁷⁵



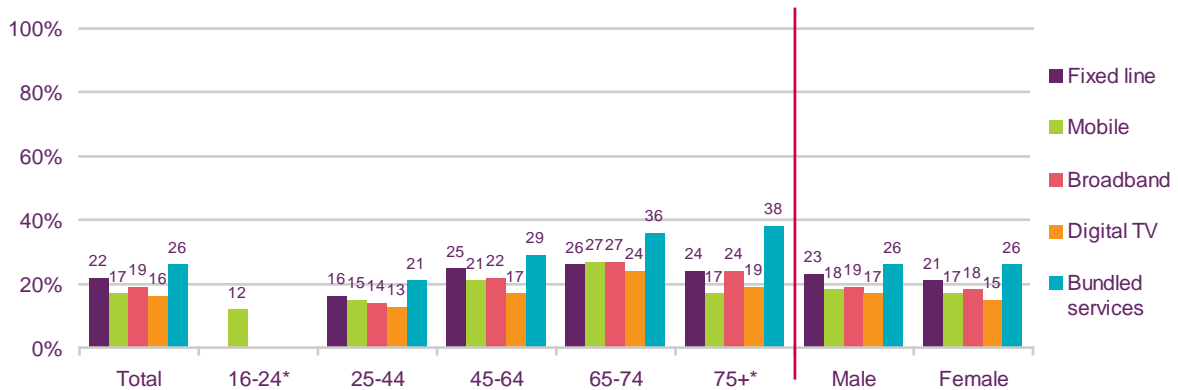
Source: Ofcom decision-making survey carried out by Saville Rossiter-Base in July to August 2012 and 2013. Further trend data are available in previous reports, based on single service purchasers only. Base: All adults aged 16+ who are the decision-maker for fixed line (2012, 1636) (2013, 1596), mobile (2012, 1714) (2013, 1718), fixed broadband (2012, 1341) (2013, 1291), digital TV (2012, 1483) (2013, 1592), and decision makers for those with any bundle (2012, 1079) (2013, 1133). There will be overlap between bundlers and data for each market.

⁷⁵ These data are based on standalone purchasers in each market, compared to bundlers as a whole, as consumers who bundle their services are unlikely to be able to separate out costs for individual services

8.6.3 Lower stated difficulty in making cost comparisons among older consumers may indicate lack of interest

Consumers aged 45-74 appear most likely to consider it difficult to make cost comparisons across each of the markets. The lower stated difficulty among older consumers (aged 75+) may indicate a lack of interest, as opposed to less difficulty

Figure 167 Age and gender profile of those who find it difficult to make cost comparisons

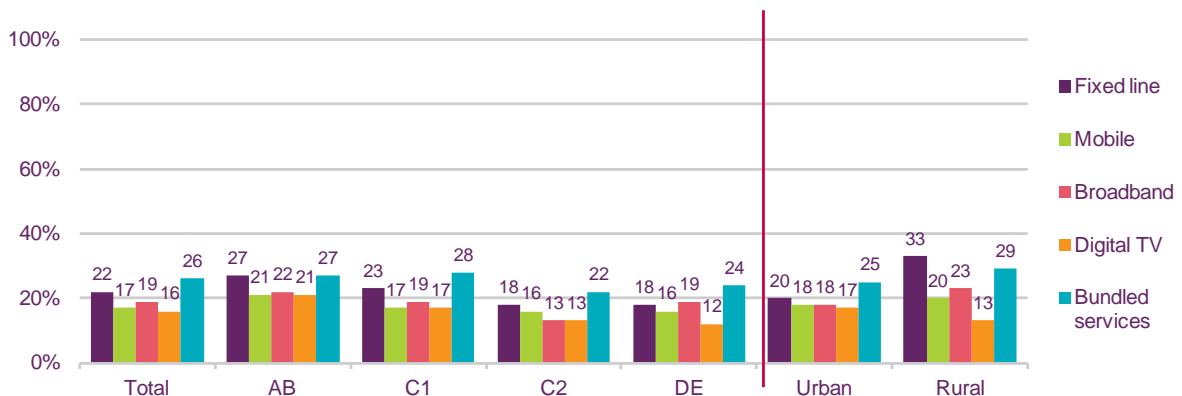


Source: Ofcom decision-making survey carried out by Saville Rossiter-Base in July to August 2013. Base: All adults aged 16+ who are the decision-maker for fixed line (1596), mobile (1718), broadband (1291), digital TV (1592), bundle (1133).

*Caution: Low base size for 75+ adults for broadband, TV and bundle, treat as indicative only. Base too low for reporting for 16-24 for fixed-line, broadband, TV or bundled services

There are indications that consumers in the ABC1 socio-economic group are more likely to think it is difficult to make cost comparisons in the fixed-line, mobile, fixed broadband and bundled services markets, compared to those in socio-economic group C2DE.

Figure 168 Socio-economic and urbanity profile of those who find it difficult to make cost comparisons



Source: Ofcom decision-making survey carried out by Saville Rossiter-Base in July to August 2013. Base: All adults aged 16+ who are the decision-maker for fixed line (1596), mobile (1718), broadband (1291), digital TV (1592), bundle (1133).

Section 9

Consumer protection

Introduction

This section reports on the types of complaints that consumers are making to Ofcom and their communications providers, as well as monitoring those who say they have had cause to complain but may not have made an actual complaint.

Key trends

- **Broadband customers are the most likely to claim they had a reason to complain (14%),** followed by mobile (9%) then landline (7%) customers. Not all of these consumers proceeded to make a complaint. In total, 9% of broadband customers said they had made a complaint (this equates 73% of those with cause to complain) and compares to 6% among mobile customers and 5% among landline customers.
- **Telecoms issues dominate complaints to Ofcom, with levels broadly in line with 2012.** The level of telecoms complaints is similar to 2012, at between 6000 and 7000 per month, although some categories have fallen. This compares to about 1000 complaints about broadcasting standards and around 40 per month relating to postal services.
- **Complaints to Ofcom about abandoned and silent calls peaked in April 2013 and have declined since then.** In October 2013 there were 2,857 complaints, this followed a peak of 3,900 in April 2013. Ofcom's market research has found that experience of nuisance calls fell between February, when eight in ten (82%) people reported receiving a nuisance call on their landline in the previous four weeks, and July, when seven in ten (68%) people reported a nuisance call on their landline. It has remained broadly constant since then.
- **The issues causing unexpectedly high bills (UHBs) in the mobile contract market remain broadly unchanged from last year.** Making calls to numbers not included in the call allowance, and lost/stolen mobiles remain the main cause of UHBs in the mobile contract market, each at 3% of mobile contract customers. Exceeding voice allowance (1%) and using data without an allowance (1%) are the next most common causes.
- **The average amount of bill shock in the mobile contract market shows signs of decline⁷⁶.** In 2013 the mean average amount of bill shock⁷⁷ in the mobile contract market was £40, compared with £46 in 2012. However, many UHBs in the mobile contract market were for less than this average, which is influenced by a small proportion of bills at the higher end of the scale (i.e. £100+ more than expected).
- **Complaints about fixed-line and mobile mis-selling have decreased over the past twelve months.** From a peak of 1200 complaints in April 2005, the downward trend in fixed-line mis-selling complaints has continued over the past year, with overall fixed-line mis-selling complaints averaging 442 per month for 2013. Mobile mis-selling has also decreased over the past 12 months, from a peak of 270 complaints a month in October 2008 to around 190 a month in 2013. Furthermore, since their high of around 60 complaints per month in 2008 monthly cashback complaints have significantly reduced to single digits over the past two years.

⁷⁶ Source: Ofcom face to face omnibus, February/ March 2012, based on the responses of 263 mobile contract customers and March/ April 2013, based on the responses of 239 mobile contract customers

⁷⁷ This refers to the amount by which the bill was higher than expected, and not the total amount of the bill.

- **Complaints received about MAC codes⁷⁸ have declined significantly since its peak in 2007, to 100 per month on average in 2013.** From a peak of 843 complaints in March 2007 there has been a general downward trend, which has stabilised at between 60 and 130 complaints per month since April 2011. Between October 2012 and October 2013 the average monthly number of complaints about this issue was around 100.
- **Broadcasting complaints to Ofcom continue to focus on content standards.** In October 2013 there were 1,642 broadcasting complaints, of which 1,581 were about television and 61 were about radio. These levels were broadly in line with those seen in 2012.
- **A minority (15%) of those eligible were referred to alternative dispute resolution (ADR)⁷⁹ by their provider, with higher satisfaction with outcomes noted among those who used the ADR scheme.** Overall, 29% of eligible complainants were satisfied with the final outcome of their complaint; this compared to just under half (47%) of those who used the ADR scheme.

These key trends are explored in more detail below under the following sub-headings:

- Reasons to complain to provider
- Consumer complaints to Ofcom
- Experience of particular issues in the communications markets
- Alternative dispute resolution (ADR)

9.1 Reasons to complain to provider

9.1.1 Broadband customers are the most likely to say they have had reason to complain to their provider

The analysis below shows the proportion of customers using each service who said they had reason to complain about the provider of their broadband, landline and/or mobile in the 12 months prior to interview⁸⁰. However, not all consumers will make a complaint, and further details on the proportions making a complaint are set out below.

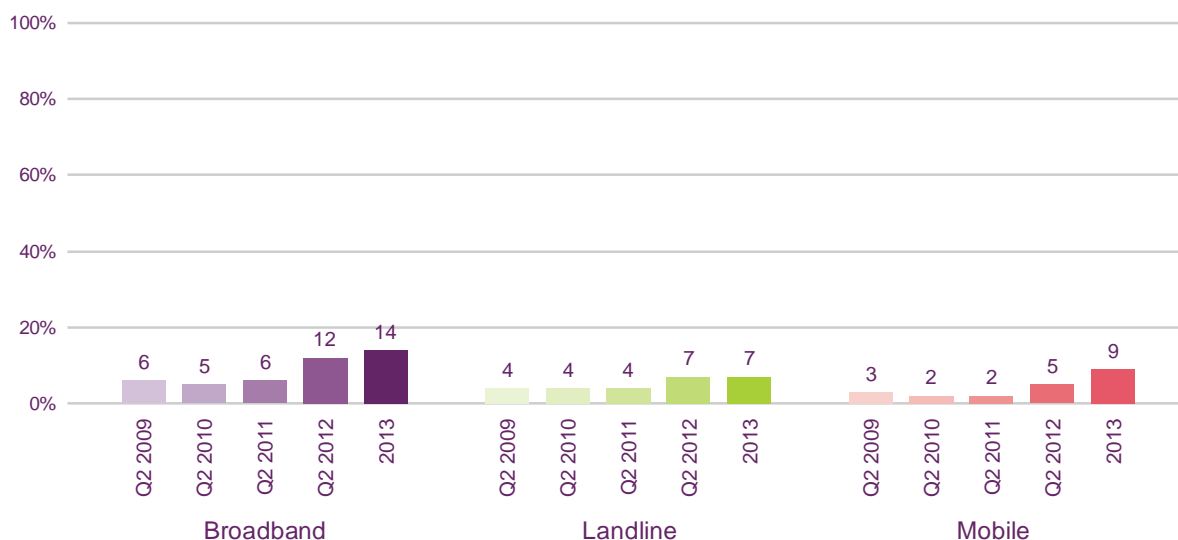
Figure 169 illustrates that across the services, broadband customers are the most likely to say they had reason to complain to their provider (14%), followed by mobile (9%) and landline customers (7%).

⁷⁸ Migration authorisation code (MAC) is a unique code that a customer must give to his or her new broadband service provider, to allow the service to be transferred smoothly from the existing service provider.

⁷⁹ Alternative dispute resolution (ADR) schemes act as an independent middleman between the service provider and the customer. If the ADR scheme agrees with your complaint, it can order the service provider to fix the problem and could potentially make a financial award. It is a requirement that all service providers are members of an ADR scheme.

⁸⁰ Fieldwork was conducted between August and September 2013, therefore complaints date back to August 2012

Figure 169 Reason to complain about service or supplier in the past 12 months: 2009 to 2013



Source: Ofcom research, telephone omnibus survey, fieldwork carried out by Saville Rossiter-Base in August and September 2013

Base: All UK households using each type of provider (In 2013 – 2652 broadband, 3007 landline, 2670 mobile phone)

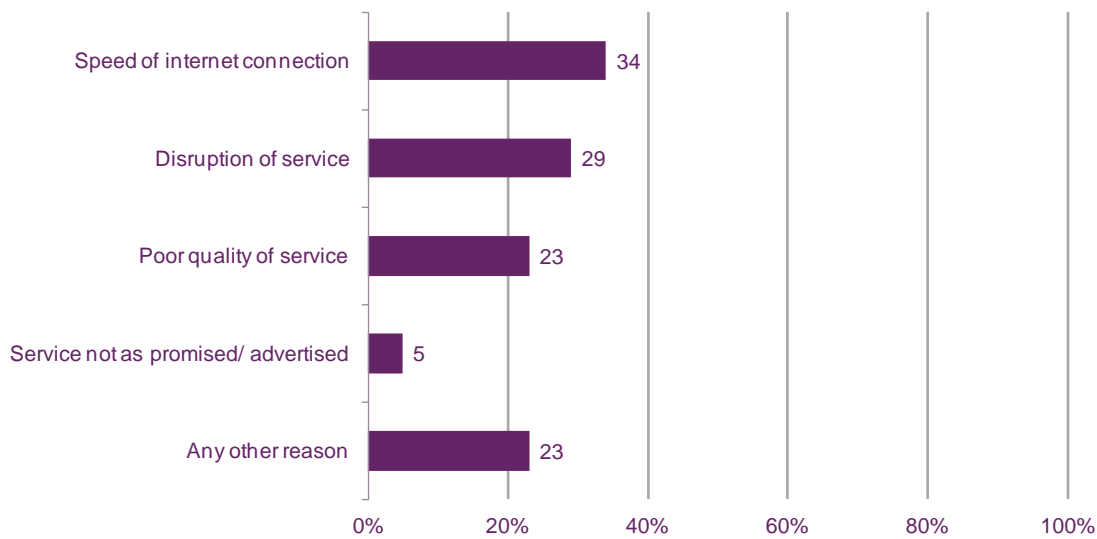
Q9. Have you personally had a reason to complain about any of these services or suppliers in the last 12 months, whether or not you went on to make a complaint? (prompted responses, multi coded)

Note: due to methodology changes in 2013, prior data are not directly comparable

9.1.2 Broadband customers are most likely to cite internet speeds as a reason to complain

Among broadband customers with reason to complain (Figure 170), the two reasons that were stated most frequently by participants were the speed of internet connection (34%) and disruption of service (29%). Just under a quarter (23%) said they felt they had cause to complain about the quality of the service, and 5% said they felt the service differed to that advertised/promised. In total 23% gave various other reasons, each of these mentioned by less than 5% of consumers. In the fixed broadband market these included charging and billing issues, dissatisfactory customer service and inappropriate content.

Figure 170 Main reason to complain about broadband service or supplier



Source: Ofcom research, telephone omnibus survey, fieldwork carried out by Saville Rossiter-Base in August and September 2013.

Base: All UK households with reason to complain about each service in the last 12 months (359 Fixed broadband)

Note: 'any other reason' includes reasons given by less than 5% of those with reason to complain.

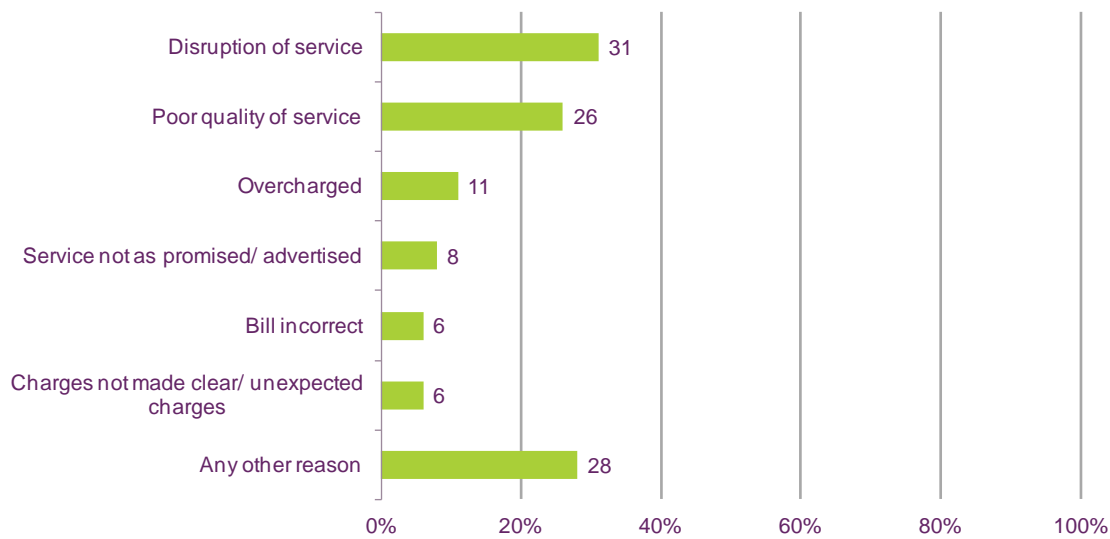
9.1.3 Landline customers are most likely to cite disruption of service as a reason to complain

Among landline customers with reason to complain (Figure 171), the two reasons that were most likely to be mentioned were disruption of service (31%) and poor quality of service (26%). Just over in one in ten (11%) said they had cause to complain about overcharging, while 8% complained that the service was not as promised/ advertised and 6% complained either that their bill was incorrect, or that charges were not made clear, or there were unexpected charges.

Various other reasons were each mentioned by less than 5% of consumers. In the fixed landline market these included: inappropriate content, nuisance calls and unsolicited calls⁸¹, phone line not working, staff attitude/ problem with staff, bill not received, 'moved home and it took a long time to connect up our household', 'missed an installation appointment', 'issue with installation', 'advertised tariffs not available to me' and 'terms of contract were unfair'.

⁸¹ It is worth noting the relatively low level of landline customers citing nuisance calls as a cause to complain, compared to the incidence of nuisance calls. Respondents may not have considered this an issue specific to their landline service, as opposed to this not being a problem at all.

Figure 171 Main reason to complain about landline service or supplier



Source: Ofcom research, telephone omnibus survey, fieldwork carried out by Saville Rossiter-Base in August and September 2013.

Base: All UK households with reason to complain about each service in the last 12 months (209 landline)

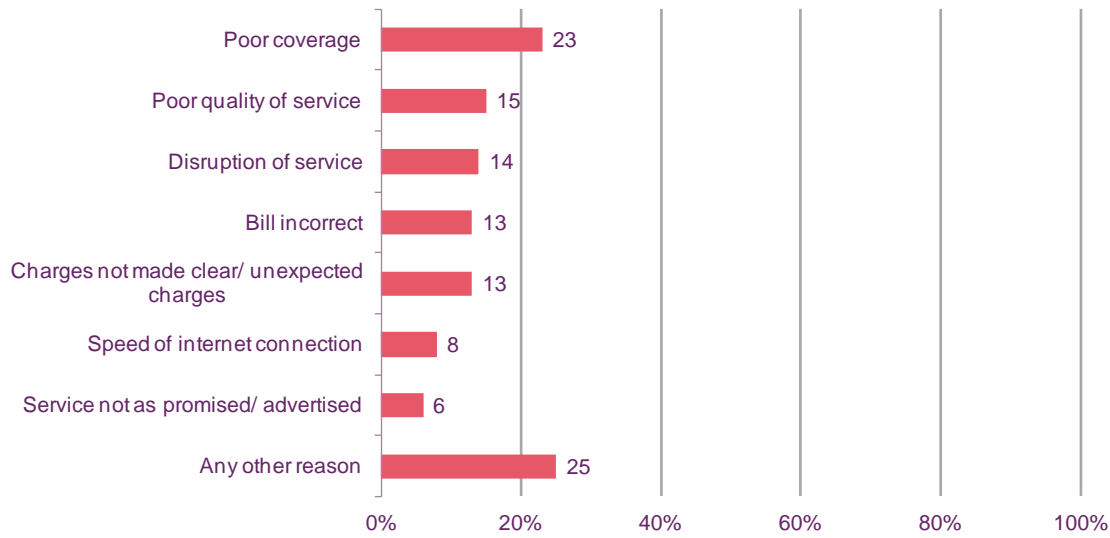
Note: 'any other reason' includes reasons given by less than 5% of those with reason to complain.

9.1.4 Mobile customers are most likely to cite poor coverage as a reason to complain

Among mobile customers with reason to complain (Figure 172); poor coverage (23%) is the most likely reason to be given, with similar proportions of customers citing poor quality of service (15%), disruption of service (14%), incorrect bill (13%) and unclear or unexpected charges (13%), speed of internet connection (8%) and service not as promised / advertised (6%).

Various other reasons were each mentioned by less than 5% of consumers. In the mobile market these included: 'issues with my handset', 'handset keeps breaking', 'mobile phone not working', 'terms of contract were unfair', overcharged, 'issues with hacking/fraud/ cloning/ security', 'theft of mobile', 'cancellation/ change of contract', 'advertised tariffs not available to me', 'bill not received', and inappropriate content.

Figure 172 Main reason to complain about mobile service or supplier



Source: Ofcom research, telephone omnibus survey, fieldwork carried out by Saville Rossiter-Base in August and September 2013.

Base: All UK households with reason to complain about each service in the last 12 months (219 Mobile phone)

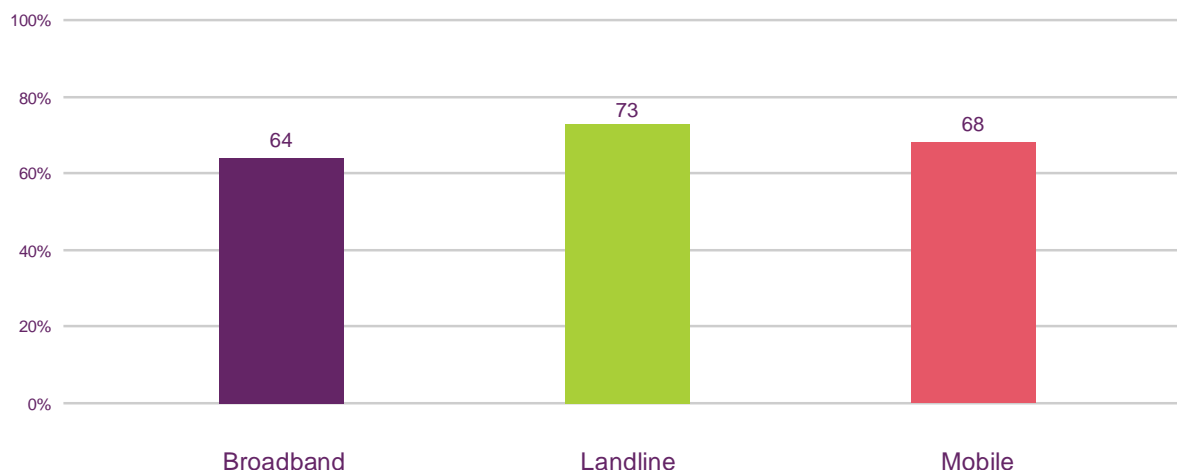
Note: 'any other reason' includes reasons given by less than 5% of those with reason to complain.

9.1.5 Landline customers with a reason to complain were the most likely to proceed with a complaint.

Consumers with a complaint may choose to contact their provider, Ofcom or other advisory bodies such as Citizens Advice. Most customers with reason to complain said they did make a complaint. The proportion of customers going on to make a complaint was highest among those with landline services (73%), followed by mobile (68%) and broadband (64%).

If we calculate the proportion of all customers for each of the three services who claimed they had a reason to complain and then went on to make complaint in the past 12 months, the proportion of all broadband customers making a complaint was 9% (this equates to 73% of broadband customers with a cause to complain). For mobile and landline, the proportions making a complaint was 6% and 5% respectively.

Figure 173 Whether consumers with reason to complain made a complaint in the past 12 months



Source: Ofcom research, telephone omnibus survey, fieldwork carried out by Saville Rossiter-Base in August and September 2013.

Base: All UK households with reason to complain about each service in the last 12 months (359 Broadband, 209 Landline, 219 Mobile phone)

Q11/Q14/Q17. And did you go ahead and make a complaint about your broadband/ landline/ mobile phone service or supplier? (prompted responses, single coded)

Note: due to methodology changes in 2013 prior data are not directly comparable

It is worth noting that there is no correlation between the likelihood to complain and the type of issue a consumer has with their provider in each of the broadband, landline and mobile markets.

The *Communications Consumer Panel* conducted research in 2013 that highlighted the need for communications providers to support better those consumers who experience problems with their communications service.

The Panel wanted to understand why some people in the UK who had cause to contact their suppliers about an issue did not do so, as well as to explore the experiences of those who had contacted their supplier to try and resolve an issue. The key findings from the qualitative research *Going Round in Circles?* and a review of quantitative data are set out below. The full report and the Panel's recommendations can be found on the Panel's website.⁸²

Key findings:

- For a variety of reasons, some people who don't contact their provider are suffering in silence and 'getting by' on a sub-standard service.
- For some who did contact their provider, their initial frustration was exacerbated by a negative contact experience.
- The loss of time and money by consumers trying to get a problem addressed and the emotional perseverance required are rarely acknowledged by communications providers.
- Some older consumers and some consumers with a disability seemed to be at a particular disadvantage in their dealings with providers.

⁸² <http://www.communicationsconsumerpanel.org.uk/going-round-in-circles/going-round-in-circles>

- Escalation of problems frequently appears to be ineffective, and communications providers seem to be poor at telling customers about alternative dispute resolution (ADR).

Comments from consumers also highlighted the difficulties they faced:

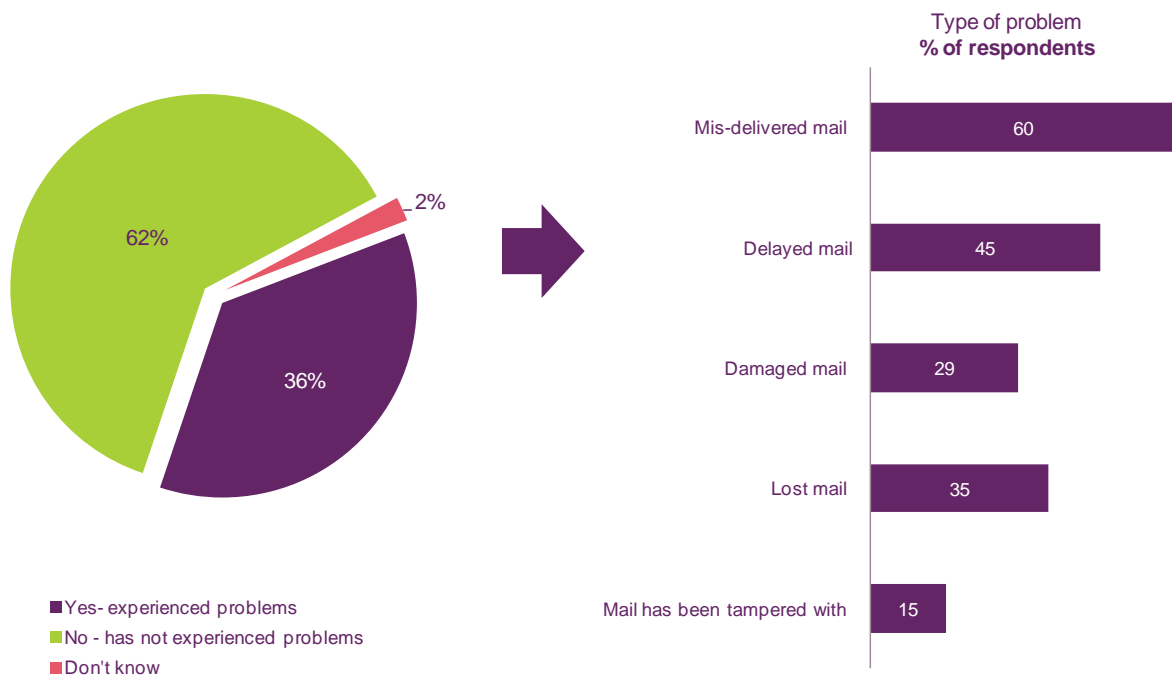
“Every single phone call that you placed you were speaking to maybe three or four different people and you were having to explain the problem each and every time.” Male 35 – 64 years, Northern Ireland

“They use terms I don’t understand [...] you know, they’ll say ‘have you sorted the router’ or something and I’ll say ‘what router?’. You know, that sort of thing.” Female 65 years+, Wales

9.1.6 Almost four in ten have experienced a problem with the postal system, with mis-delivered post being the most common issue

In total, 36% of the survey participants claimed to have experienced at least one problem with the postal service in the past 12 months (Figure 174). By far the biggest issue cited by those who had experienced a problem was mis-delivered post (60% of those with a problem) followed by delayed mail (45%), lost mail (35%) and damaged mail (29%).

Figure 174 Problems experienced with Royal Mail’s postal services in the past 12 months



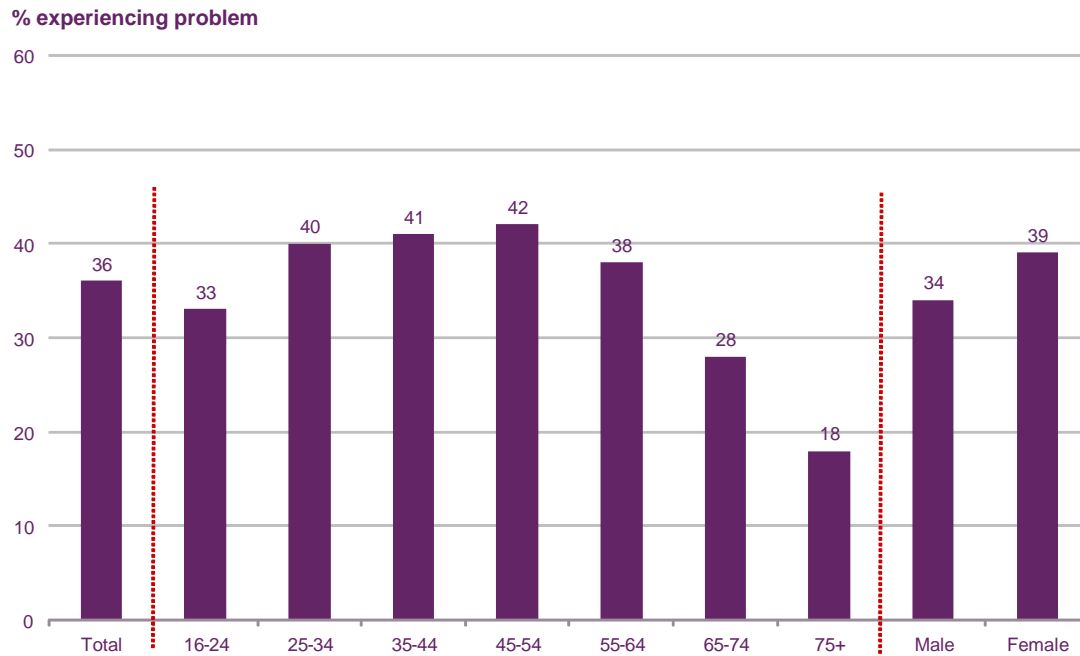
Source: Ofcom post tracking survey

Base: All adults 16+ (4844), Those with a problem in the last 12 months (973)

QG1A-1E: In the last 12 months, have you experienced problems with Royal Mail’s service in terms of...

Figure 175 shows that those over 75 years old were the least likely age group to have reported having a problem (18%); while those aged 45 -54 were the most likely (42%).

Figure 175 Problems experienced with Royal Mail’s postal services in the past 12 months, by age and gender

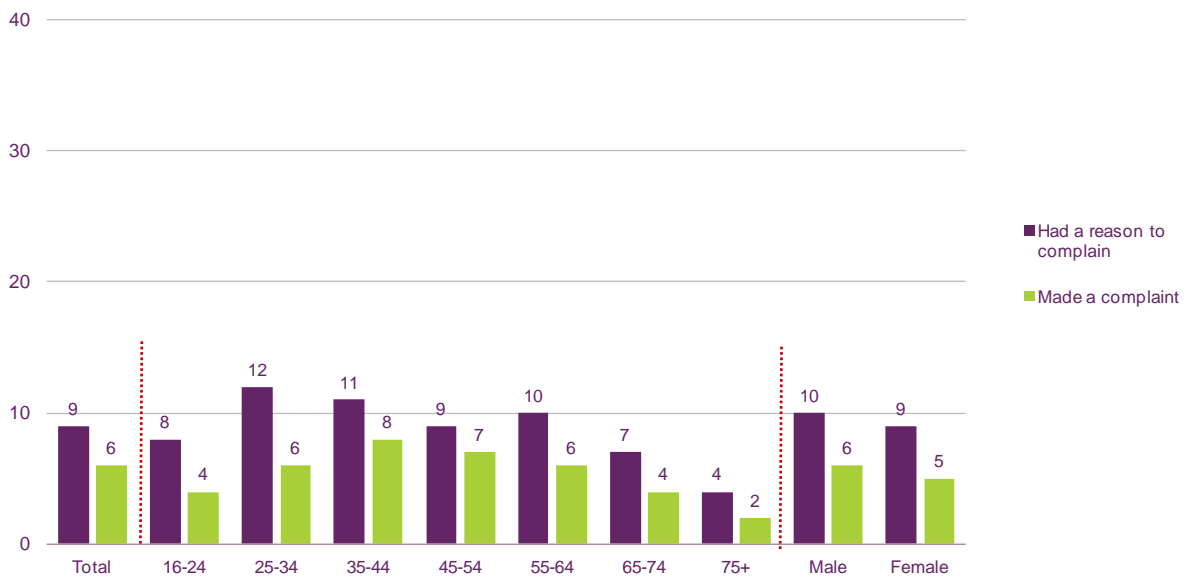


Source: Ofcom post tracking survey
 Base: All adults 16+ (4844)

About one in ten (9%) adults reported that they had had a cause to complain, and 6% claimed to have made a complaint.

Cause to complain was highest among 25-34 year olds (12%) while the claimed level of making a complaint was highest among 35-44 year olds (8%). Over-75s had the lowest level of reason to complain (4%) and of actually making a complaint (2%).

Figure 176 People who claimed they had a reason to complain about Royal Mail’s postal services, and then made a complaint, by age and gender



Source: Ofcom post tracking survey

Base: All adults 16+ (4844)

QG2. In the last 12 months, have you had cause to complain to Royal Mail about its services?

9.2 Consumer complaints to Ofcom

Consumers with cause to complain will not always follow the same route. As noted above, some may not complain at all, others may contact their provider or seek advice or support from regulatory bodies such as Ofcom or the Telephone Preference Service (TPS).

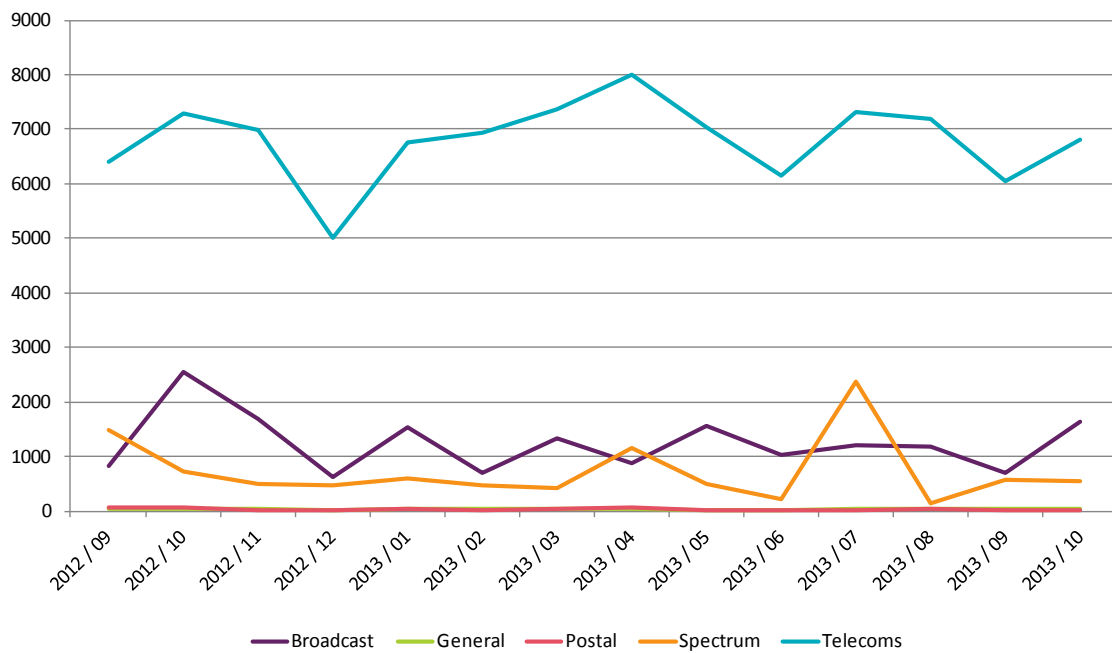
Ofcom’s Consumer Contact Team (CCT) offers a point of contact for consumers enquiring or making complaints about issues in the telecoms, broadcasting and postal markets. The following section provides details on the types of contacts received by the CCT, and in some cases from other bodies such as the TPS. Although Ofcom handles only a small share of the total number of complaints relating to communications services, these data give insight into the extent of certain issues faced by consumers in 2013.

The data is presented alongside consumer research into particular issues such as nuisance calls and unexpectedly high bills, and provides greater insight into the experience of particular issues among the general population.

9.2.1 Telecoms continues to dominate complaints received by Ofcom

The number of telecoms complaints between September 2012 and October 2013 generally fluctuated between 6000 and 7000. The exceptions to this were in December 2012, when they fell to just under 5000, and April 2013, when they rose over 8000 (Figure 177). Silent calls, mis-selling and the way that communications providers (CPs) handle complaints continue to drive complaints in this sector (see Figure 178).

Figure 177 Number of complaints received by Ofcom, by month: 2012-2013



Source: Ofcom, CCT data

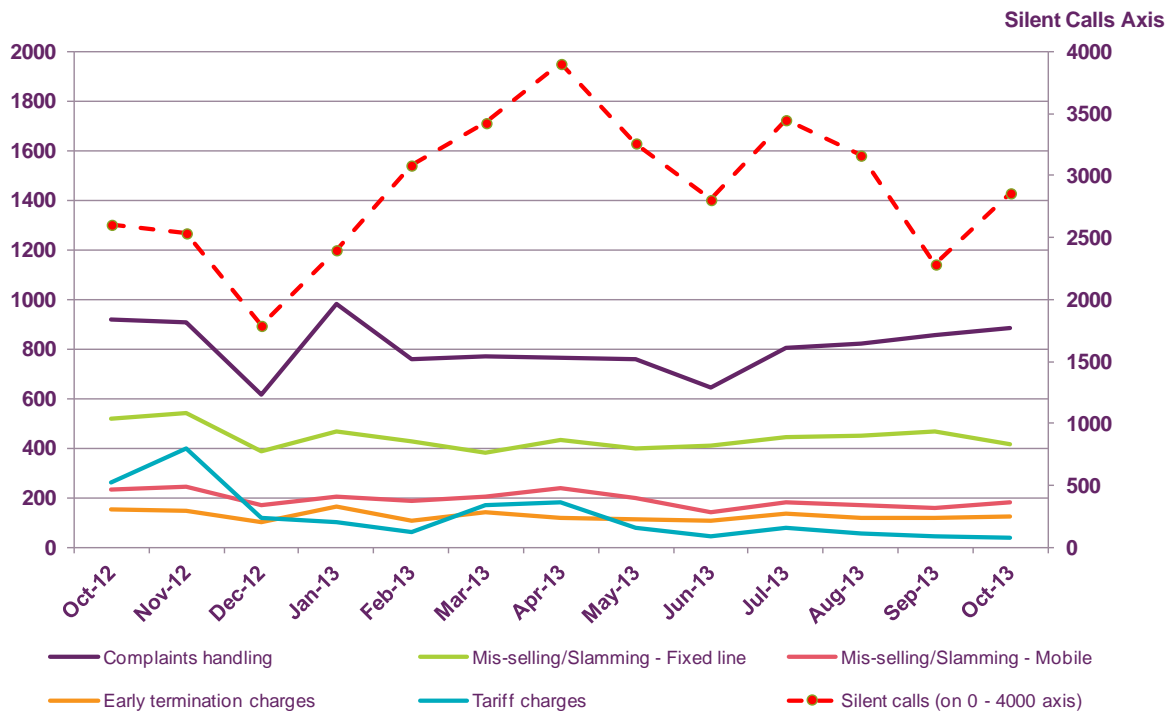
General = 'General enquiries' could relate to broadcast, spectrum or telecoms issues

Nuisance calls

Complaints rose significantly in early 2013 but have declined since then

Complaints to Ofcom about abandoned and silent calls rose significantly in early 2013 to reach a peak of 3,900 in April. This was higher than the peak in July 2012. Since then complaints have declined and in October 2013 there were 2,857 complaints, which is just above the level recorded for October 2012.

Figure 178 Number of telecoms complaints received by Ofcom, by month: 2012-2013

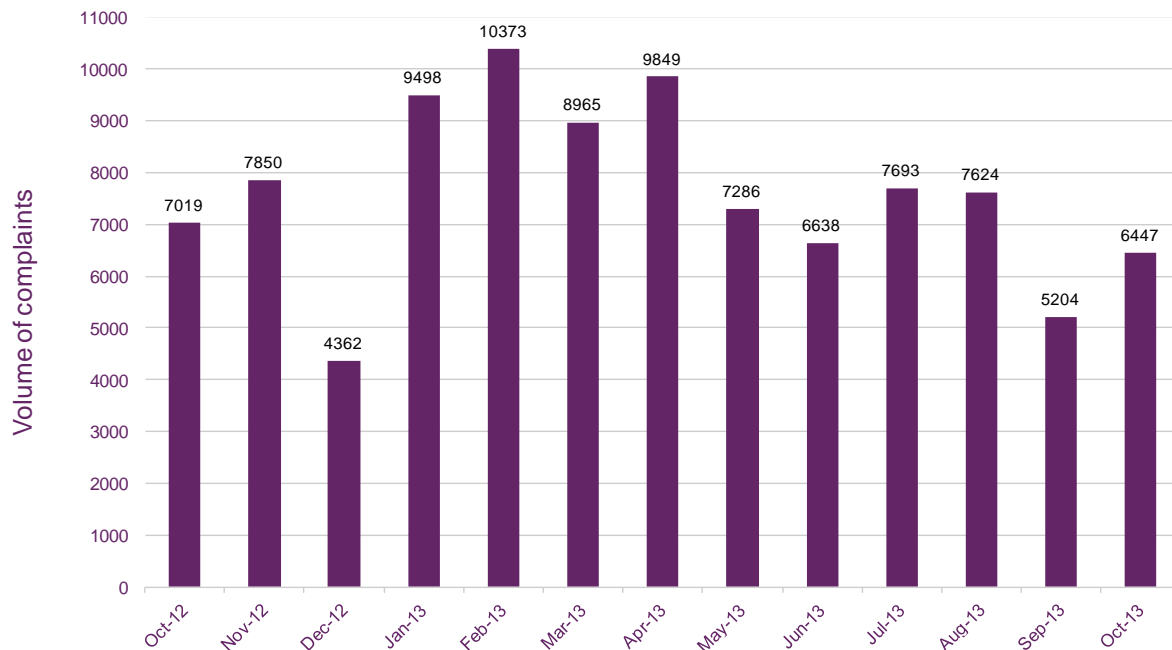


Source: Ofcom, CCT data

Under the Privacy and Electronic Communications (EC Directive) Regulations 2003 (PECR) Ofcom is required to maintain the register of persons who do not want to receive live telesales calls. Telephone Preference Service Ltd provides the register, the Telephone Preference Service (TPS), on Ofcom’s behalf.⁸³ Since August 2012 Ofcom has published the number of complaints about live telesales calls made to the TPS. As shown in Figure 179 below, these complaints peaked at 10,373 in February 2013 (this was above the peak seen in July 2012). The TPS has suggested that this rise can be attributed to an increase in marketing calls by companies dealing with payment protection insurance (PPI), accident claims, energy services, insulation grants and lifestyle surveys. Complaints have fallen since then and in October 6,447 complaints were made to the TPS.

⁸³ Under PECR, the Information Commissioner’s Office has primary responsibility for enforcement action when unsolicited live telesales calls are made to a person registered with the TPS.

Figure 179 Consumer complaints to the Telephone Preference Service (TPS): October 2012 to October 2013



Source: Ofcom's November 2012 *Telecoms Complaints Bulletin*

The incidence of nuisance calls fell between February and July 2013 and has remained broadly stable since then

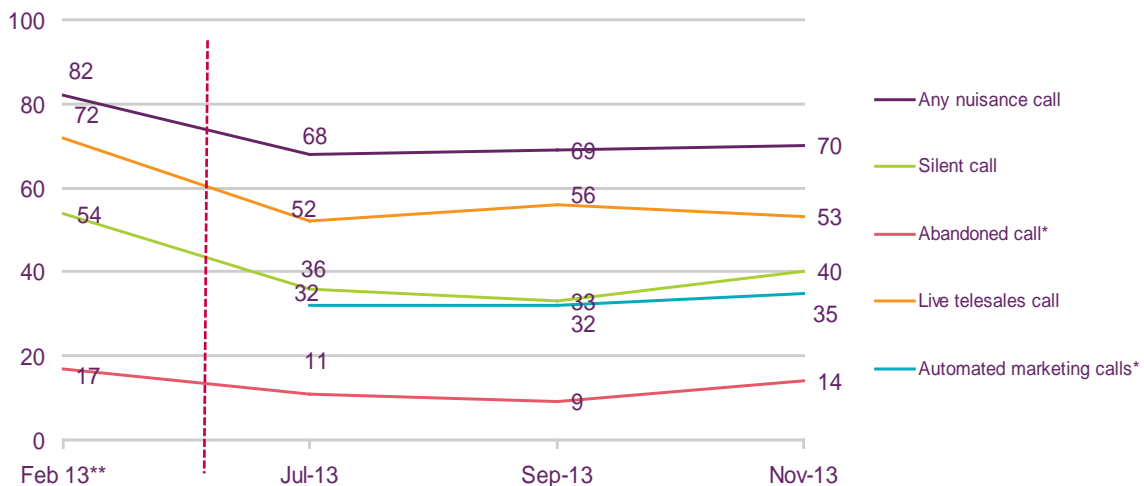
Ofcom carries out market research to track changes in nuisance calls over time. Following a pilot in February 2013, we revised our *Consumer Concerns* tracker methodology, to capture more timely and accurate information regarding consumers' experience of nuisance calls. Since July 2013 we have tracked this every other month and asked about personal experience "in the last four weeks" (the previous research was quarterly, and asked about personal experience "in the last six months"). As a result, previous tracking data are not comparable and the new approach is considered to be more robust.

Figure 180 shows data from our study in February 2013 (which was carried out alongside the nuisance calls panel research and is outlined below) and continuous tracking since July 2013⁸⁴. Since February 2013, reported experience of all nuisance calls on landlines in the previous four weeks has fallen from eight in ten (82%) in February to seven in ten (70%) in November.

In November 2013, half (53%) of UK adults with a fixed line phone received a live telesales call in the previous four weeks and four in ten (40%) received a silent call. We estimate a third (35%) received an automated marketing message and just over one in ten (14%) received an abandoned call.

⁸⁴ Note: data on automated marketing calls are not comparable between the February survey and the new tracking study

Figure 180 Unsolicited/ nuisance calls received on landline in “the last four weeks”



Source: Kantar Media face-to-face omnibus

Base All with a landline phone (July 2013, 848); (Sept 2013, 896); (Nov 2013, 786)

* These percentages are derived from a low base size- indicative only. Based on questions relating to the type of call that was listened to

** Data from pilot study: Source: GFK Random Location Omnibus; Base: All with a landline phone (1614)

Focus on nuisance calls⁸⁵

To obtain better information about the number of nuisance calls received, the types of industries making nuisance calls and the availability of caller information, Ofcom commissioned a nationally representative sample of UK adults with home landline phones to undertake a diary study to record all unwanted calls⁸⁶ personally received on their home landline phone across a four-week period (14 January to 10 February 2013)⁸⁷.

Panellists were provided with a paper diary and were instructed to complete a diary page every time they considered that they received an unwanted call⁸⁸ on their landline phone. This allowed collection of information about these types of calls in ‘real time’, and provided greater insight than a traditional (retrospective) survey - such as information on industries making these types of calls, availability of the caller’s telephone number and company details.

Figure 181 shows that among those who received any nuisance calls, an average of about eight calls (8.4) in the four-week period were received, or two per week. A quarter (26%) received more than ten nuisance calls over the four-week period, and less than one in ten (8%) received more than 20 calls over the period, or more than five a week.

Among all those who reported receiving them, silent calls and live telesales calls were received most frequently, with an average of four silent (4.2) and four live telesales calls (4.2) received over the four-week period. All those who received automated marketing calls

⁸⁵ Nuisance calls can also be called unwanted calls.

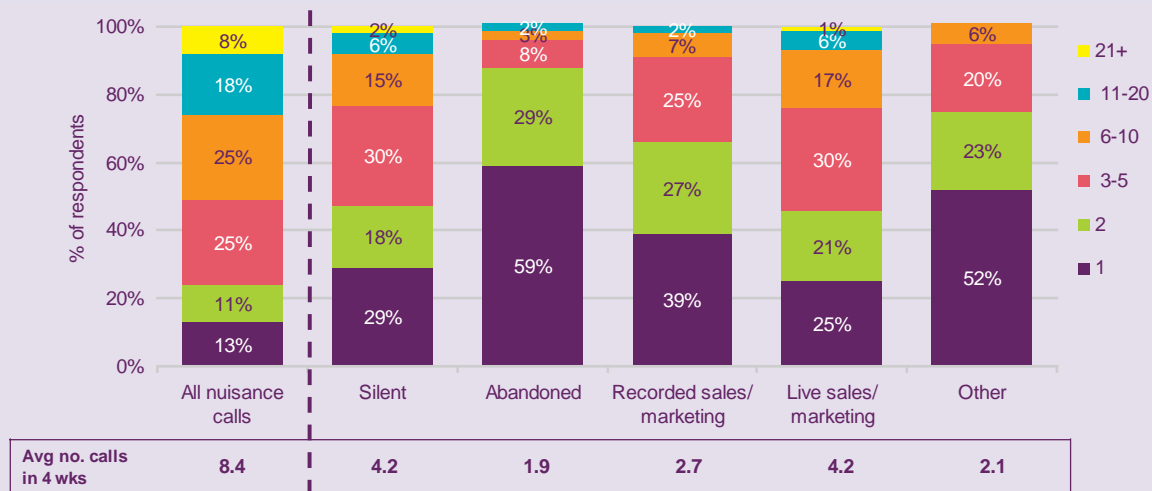
⁸⁶ The term ‘unwanted calls’ was used in the recruitment letter, instruction sheet and paper diary provided to participants, as it was considered to be a clearer, more consumer-friendly term than ‘nuisance calls’. In this report ‘unwanted calls’ are referred to as ‘nuisance calls’.

⁸⁷ <http://stakeholders.ofcom.org.uk/market-data-research/other/telecoms-research/nuisance-calls-research/>

⁸⁸ Some calls recorded as nuisance calls may have been the result of participants giving the company prior consent to contact them (e.g. ticking a consent box on a marketing form or company website)

received an average of three (2.7) and those receiving abandoned calls received an average of two (1.9) calls in the period.

Figure 181 Number of calls received over four weeks among all who received each call type



Source: GfK nuisance calls panel research, Jan-Feb 2013

Base: All UK panel participants with landlines who received each type of call (n=707, 489, 132, 322, 548, 242)

A significantly higher level of nuisance calls was claimed by older participants (typically aged 55+) than by younger ones. In addition, among those who reported receiving nuisance calls, a higher average number of calls were reported among those aged 55+ and those not working (an average of 11 calls and ten calls respectively over the four weeks) compared to younger and working adults (each with an average of seven calls in the four weeks). This is likely to be due at least in part to older and non-working participants being more likely to be at home to receive nuisance calls. Those in socio-economic group AB reported a higher incidence of silent calls than those in socio-economic group C2.

Availability of caller information

Panel participants were asked to record the type of product or service⁸⁹ being promoted, the name of the company that was calling and the telephone number of the company calling, where possible, for each nuisance call received. Awareness of the product or service being promoted in the call, and the name of the company calling, were determined both from information provided by the caller, and the participant's recall, or ability to hear the caller properly. The caller's phone number was usually determined either by the number display on the telephone or by the participant dialling 1471 after the call.

The type of product or service was identified in about two in five nuisance calls. It was mentioned in two-thirds or more of automated marketing calls (68%) and live telesales calls (72%), as well as in over half of abandoned calls (57%).

Company name was identified in one in five nuisance calls. Participants receiving live telesales calls were the most likely to record the name of the company calling (41%); in contrast, participants receiving automated marketing calls were unlikely to be able to obtain this information (6%).

A telephone number was recorded for a third (34%) of all nuisance calls; automated marketing (44%), live telesales (41%) and abandoned calls (39%) were more likely than silent (25%) or other calls (25%) to disclose a telephone number.

⁸⁹ This is the participant's understanding of the product or service being promoted, and may not reflect the actual reason for the call

Figure 182 Availability of caller information, by call type

	All nuisance calls	Silent	Abandoned	Automated marketing	Live telesales	Other
Type of product or service	43%	2%	57%	68%	72%	37%
Company name	20%	1%	22%	6%	41%	24%
Company phone number	34%	25%	39%	44%	41%	25%

Source: GfK nuisance calls panel research, Jan-Feb 2013

Base: All nuisance calls received by UK panel participants with landline (n=6302, 2116, 241, 882, 2377, 522)

NB: 2% of nuisance calls were not categorised by participants; telephone numbers provided were not checked for accuracy

Product or service being promoted where identified

Figure 183 shows the proportions of nuisance calls that were promoting different products and services, for all calls where participants were able to provide a description of the product or service being promoted. As discussed above, participants were able to provide a description of the product/service being promoted in about two-fifths (43%) of nuisance calls.

Overall, calls about PPI claims made up 22% of all nuisance calls where the product or service was identifiable, followed by energy (10%), market research (10%) and insurance (8%). PPI claims calls constituted half of all automated marketing calls, four in ten abandoned calls and just over one in ten live telesales calls, where the product or service was able to be identified.

Figure 183 Top five products or services being promoted, by call type, where identified

	All nuisance calls	Silent**	Abandoned	Automated marketing	Live telesales	Other
PPI claim	22%		41%	51%	13%	4%
Energy company	10%		6%	14%	10%	6%
Market research	10%		4%	1%	9%	50%
Insurance	8%		9%	2%	11%	2%
Pension rebate/refund	4%		2%	10%	2%	-

NB: This was the participant's understanding of the product or service being promoted and may not reflect the actual reason for the call. Table displays the top five products and services only

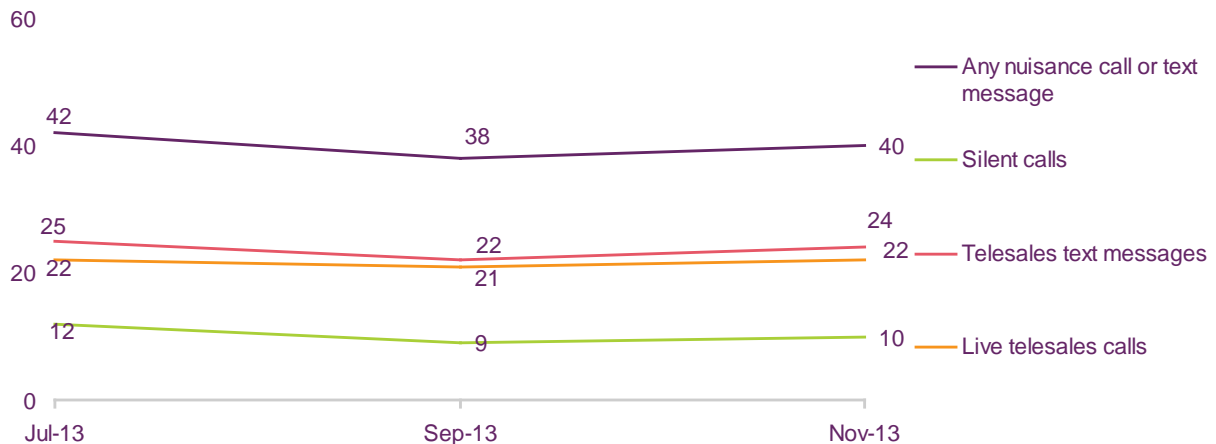
Source: GfK nuisance calls panel study

Base: All nuisance calls received on UK landlines in which product/service was able to be identified (n=2605, 45**, 142, 588, 1644, 187)

** Base size below 50, too low for analysis

Consumers' experience of nuisance calls on a mobile phone is lower than their experience of these types of calls on a landline phone. Overall, about four in ten mobile phone owners had received a nuisance call or text message on their mobile in the previous four weeks. In November 2013 one in four (24%) UK adults with a mobile phone reported receiving a telesales text message over a four-week period, two in ten (22%) received a live telesales call and one in ten (10%) reported a silent call on their mobile phone.

Figure 184 Nuisance calls received on mobile phone in “the last four weeks”



Source: Kantar Media face-to-face omnibus

Base: All with a mobile phone (July 2013, 895); (Sept 2013, 923); (Nov 2013, 838)

NB: base size too low to calculate abandoned calls and automated marketing messages

Places consumers would go for information about nuisance calls

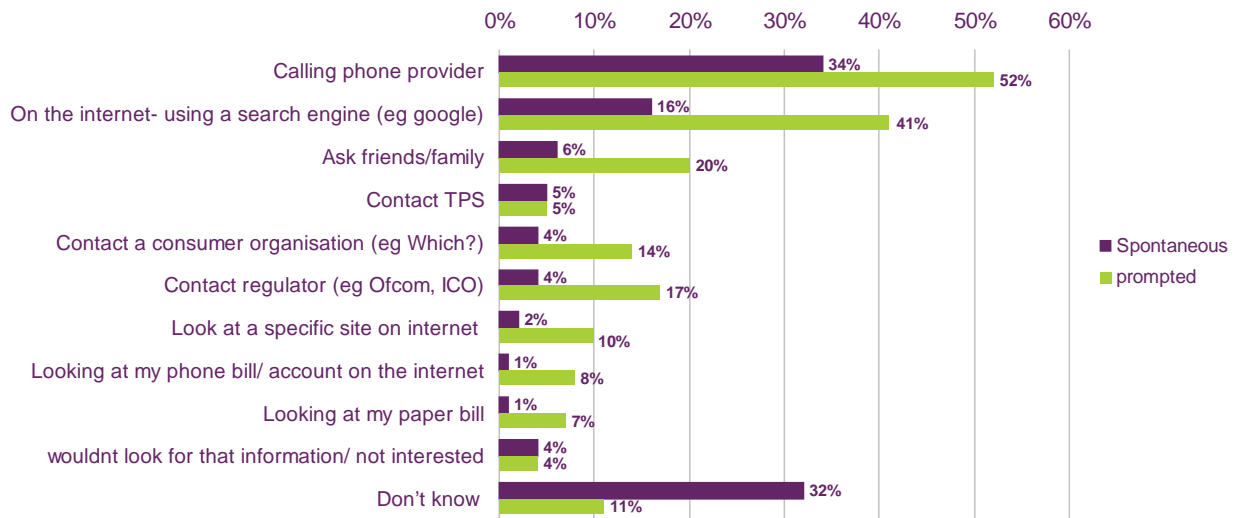
Consumers' own phone providers are the most popular place to go to get advice about how to stop nuisance calls

Landline and mobile consumers were asked where they would go to get advice about how to stop nuisance calls on their landline or mobile phone (Figure 185, below). For all consumers, both when asked 'top of mind' and when prompted, the most popular way to get advice about how to stop nuisance calls was to call their phone provider, with a third (34%) of consumers spontaneously stating this, rising to half (52%) when prompted with a list.

At an overall level, the second most popular place to get advice about how to stop nuisance calls is on the internet, using an internet search engine (e.g. Google). However, the popularity of this declines with age. At both a spontaneous and a prompted level, those under 44 are most likely to say they would use a search engine to get advice about how to stop nuisance calls, with about one in five spontaneously stating this, rising to about half once prompted. This compares to 9% of those aged 65-74 and 5% of those aged 75+ claiming they would use this method (once prompted with a list). Those in socio-economic group DE (29%) are less likely than average to use an internet search engine to find this information. For over-65s (aged 65-74: 20%; aged 75+: 35%) and those without internet access (27%) asking friends and family is the second most popular way of getting advice.

A third (32%) of consumers did not know 'top of mind' where to go to get advice to stop nuisance calls. This fell to one in ten (11%) once prompted with a list. Lack of knowing where to go for advice, even when prompted with a list, is highest for those aged 65-74 (18%), those aged over 75 (16%), those in socio-economic group DE (18%) and those without internet access (23%).

Figure 185 How consumers would get advice about how to stop nuisance calls on their landline or mobile phone



Base: All who have a mobile phone or landline (Nov 2013, 960)

Source: *Consumer Concerns Tracker*, Kantar Media omnibus

Q: Where would you go to get advice about how to stop nuisance calls on your landline or your mobile phone?

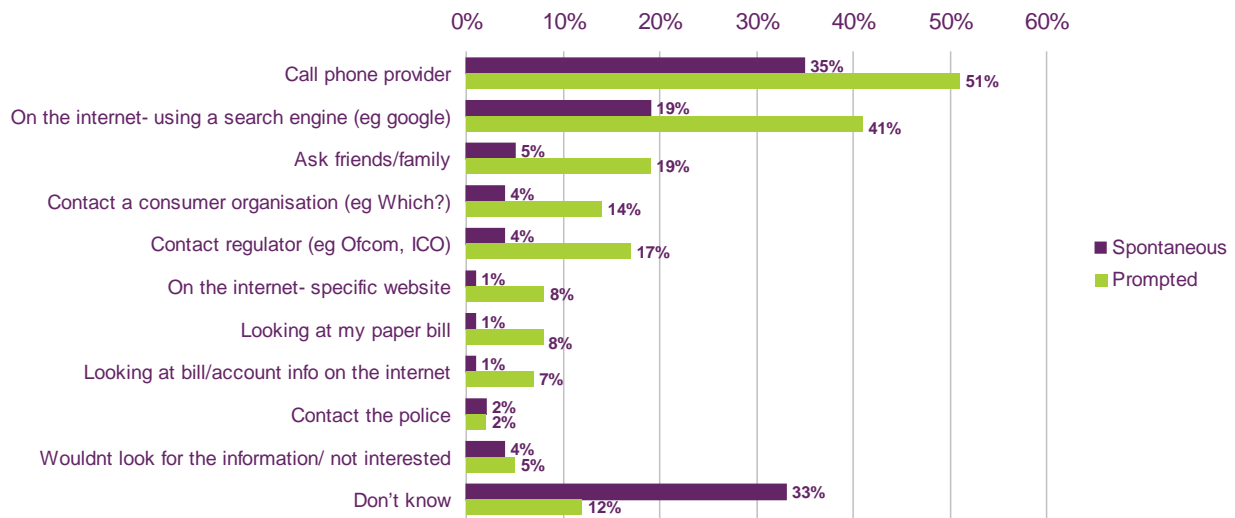
A consumer’s own phone provider is the most popular place to go to find out how to complain about nuisance calls

Landline and mobile phone customers were asked where they would go to find out how to complain about nuisance calls on their landline or mobile phone (Figure 186, below). For all consumers, both when asked ‘top of mind’ and with a prompted list, the most popular place to go to find out how to complain about nuisance calls was to call their phone provider, with a third (35%) of consumer spontaneously stating this, rising to half (51%) when prompted with a list.

At an overall level, the second most popular place to go to find out how to complain about nuisance calls is the internet, using a search engine (e.g. Google). Using an internet search engine is less popular among those aged over 65 (7% of those aged 65-74 and 3% of those aged 75+ claimed this, once prompted with a list). For these older consumers, asking friends or family is the second most popular response, with 19% of those aged 65-74 and 35% of those aged 75+ claiming that this is how they would find out how to complain about these types of calls. Those in socio-economic group DE (28%) are less likely than average to use a search engine to find this information.

A third (33%) of consumers did not know ‘top of mind’ where to go to find out how to complain about nuisance calls. This fell to one in ten (12%) once prompted with a list. Lack of knowing where to go to complain, even when prompted with a list, is highest for those aged 65-74 (20%), those aged over 75 (17%), those in socio-economic group DE (18%) and those without internet access (23%).

Figure 186 How consumers would find out how to complain about nuisance calls on their landline or mobile phone



Base: All who have a mobile phone or landline (Nov 2013, 960)

Source: *Consumer Concerns Tracker*, Kantar Media omnibus

Q: Where would you go to find out how to complain about nuisance calls on your landline or your mobile phone?

Unexpectedly high bills (UHBs)

In 2013 we conducted, for the second time, two pieces of research to understand the issue of unexpectedly high bills in the mobile contract market. We ran a face-to-face survey to measure and track the incidence of different types of bill shock in this market, and then an online study to better understand the underlying causes, and the amount (£s) of bill shock being experienced by consumers due to each of these. A summary of these findings is set out below and the full report and data are available on the website.⁹⁰

The types of issues causing UHBs in the mobile contract market remain broadly unchanged since last year

Making calls to numbers not included in the call allowance, and lost/stolen mobiles remain the main causes of unexpectedly high bills (UHB) in the mobile contract market, each at 3% of mobile contract customers.

⁹⁰ http://stakeholders.ofcom.org.uk/binaries/research/telecoms-research/bill-shock/Billshock_data-tables.PDF and <http://stakeholders.ofcom.org.uk/binaries/research/telecoms-research/bill-shock/Ofcom-Billshock-2013.pdf>

Figure 187 Incidence of unexpectedly high bills, by type: 2012-2013⁹¹

Bill Shock Issue (in the last 12 months)	Mobile contract customers (data rounded to nearest 0.5%)	
	2012 (Base: 2835)	2013 (Base: 2700)
Calls to numbers not included in allowance	3%	3%
Exceeding monthly voice allowance	2%	1%
Using data not included in allowance	1%	1%
Exceeding data allowance	0.5%	0.5%
Using mobile abroad - voice	1.5%	0.5%
Using mobile abroad - data	1%	0.5%
Lost/stolen phone	3%	3%
Sending messages not included in allowance	n/a	0.5%

Source: Ofcom bill shock research, face-to-face survey conducted by Kantar Media in February/March 2012 and March/April 2013
Base: Mobile contract customers

Calls to 0845 numbers continued to dominate the stated underlying cause of bill shock due to making calls to numbers not included in the allowance (64% of participants said this was related to calls to 0845 numbers). Around half as many related their 'bill shock' to making calls to 0800 numbers (36%) and 0870 numbers (31%).

Making more calls than usual (79%) remained the main stated reason for exceeding the call allowance. The vast majority (90%) were unaware that they were making calls exceeding their allowance, not significantly different to the level reported in 2012 (87%).

The proportion who said their UHB was caused by exceeding their data allowance remains unchanged at 0.5%. There was greater stated awareness than in 2012, among these consumers, that they were using data over their allowance. A quarter (24%) of those experiencing this type of UHB said they were aware they had reached their data allowance, which compares to 14% in 2012.

There has been no change in the proportion stating their UHB was due to using data without an allowance, at 1% of mobile contract customers. But a rising proportion of these consumers (50% up from 37%), said they knew they were using the mobile network to access data i.e. not using a Wi-Fi connection.

The average amount of bill shock in the mobile contract market shows signs of decline⁹²

In 2013 the mean average amount of bill shock⁹³ in the mobile contact market was £40, compared with £46 in 2012.

⁹¹ Data are not available for 'sending messages' as this was a new quota group added to the 2013 research

⁹² Source: Ofcom face-to-face omnibus, February/ March 2012, based on the responses of 263 mobile contract customers, and March/ April 2013, based on the responses of 239 mobile contract customers

⁹³ This refers to the amount by which the bill was higher than expected, and not the total amount of the bill.

However, many unexpectedly high bills in the mobile contract market were for less than this average, which is influenced by a small proportion of bills at the higher end of the scale i.e. £100+ more than expected. In the mobile contract market just over half (52%) of consumers who experienced a UHB said this was for 'up to £30' while one in ten (9%) said their bill was '£100+' more than expected.

There has been no significant change in the average amount of 'bill shock' for most individual causes, the only rise being for lost / stolen mobiles

Data reported in some of the sub-groups shown below, and marked with an asterisk, are based on small samples of fewer than 100, and as such should be treated as indicative only. The only significant change in the amount of bill shock is noted for 'lost/stolen mobile'. The apparent rise in the mean average shown for 'total use abroad' is not statistically significant, and in fact the difference in the median average between 2012 and 2013 is smaller, at £5.

Figure 188 Incidence and value of unexpectedly high bills, by type: 2012-2013

	Calls to numbers not in allowance	Exceeding voice allowance	Using data without an allowance*	Exceeding data allowance*	Sending messages not included in allowance*	Total use abroad	Lost/ stolen mobile
Mean additional £'s due to bill shock - 2012	£19	£43	£15	£30	-	£60	£34
Median	£13	£30	£10	£15	-	£30	£20
Mean additional £'s due to bill shock - 2013	£17	£45	£21	£22	£16	£74	£65
Median	£12	£25	£15	£15	£15	£35	£26

Source: Ofcom bill shock online research, conducted by Other Lines of Enquiry in July/August 2013
 Base: All mobile contract customers experiencing each type of bill shock, calls to numbers not in allowance (154, 2012 - 80*), exceeding voice allowance (132, 2012 - 90*), using data not included in allowance (81*, 2012 - 59*), exceeding data allowance (86*, 2012 - 107), sending messages not included in allowance (56*), total use abroad (120, 2012 - 138), lost/stolen mobile (166, 2012 - 103).
 *Low base size, treat as indicative only

Note: The amount of 'bill shock' refers to the amount by which the bill is higher than expected, as opposed to the total value of the bill.

Making calls to numbers not included in the call allowance resulted in a mean average bill shock of £17 (£12 median), broadly comparable with that noted for the new quota group included in the study this year: 'sending messages not included in allowance' (£16 - £15 median). Using data without an allowance and exceeding data allowance resulted in levels of £21 and £22 respectively (median average of £15 for each).

The mean average amount of bill shock caused by exceeding *voice* allowance stands at £45. This type of bill shock is reported by a relatively small number of consumers (2% of those experiencing this type of bill shock) with bills at the top end of the scale i.e. £200+ more than expected, which pushes up the mean average. The median average amount for these consumers is £25. These averages are not significantly different to those reported in 2012.

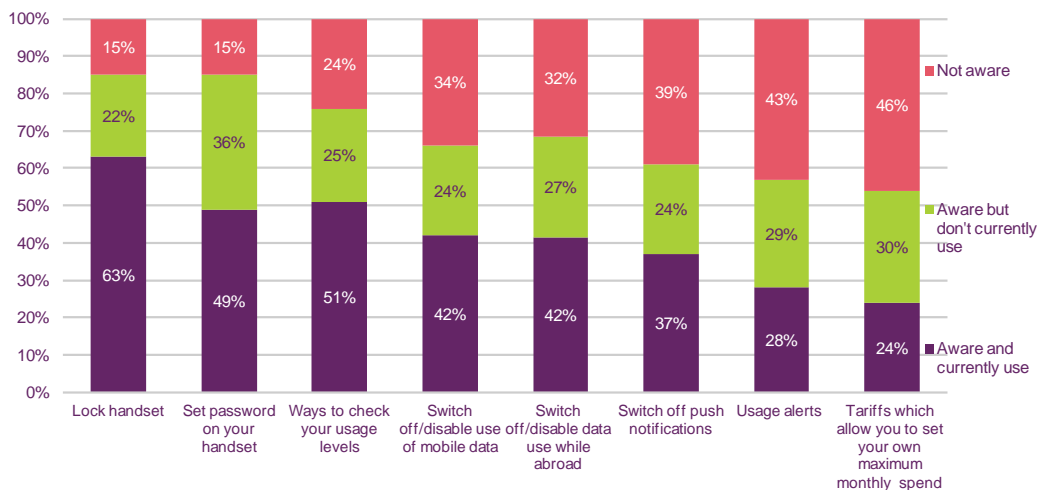
As the chart above shows, use of mobiles abroad results in a mean average level of bill shock of £74. However, this average is increased by a relatively small proportion of outliers. Four per cent of those experiencing this type of bill shock said they had received bills of £200+ more than they had expected. Most (71%) of those experiencing UHBs due to mobile use abroad said their bills were up to £50 more than expected, and the median average is £35.

The only area where there has been a significant rise in the mean average amount of bill shock is lost or stolen mobiles. The mean average has risen from £34 to £65, although, as with other factors, this average is inflated by a relatively small proportion of outliers experiencing bill shock at the top end of the scale. In total, 5% of those experiencing this type of bill shock had received a bill of £200+ more than expected. However, when taking account of any reimbursement the net amount of bill shock was much lower at £27⁹⁴.

Consumers who have experienced bill shock are more likely to use simple measures to protect themselves against UHBs, such as locking the handset (63%)

The most common preventative measure being used by consumers who have experienced bill shock is to lock the handset (63%). Fewer said they had set a password (49%) despite a further 36% being aware of how to do this. A similar proportion (51%) said they checked their usage levels, with a further quarter (25%) aware that this is possible. In April 2013 the *Adults media use and attitudes report*⁹⁵ reported similar levels of consumers locking their handsets, with just over three in five (61%) of those who personally used a mobile claiming to lock their phone; this increases to 75% among those with a smartphone.

Figure 189 Awareness and use of preventative measures, among those experiencing a UHB



Source: Ofcom bill shock online research, conducted by Other Lines of Enquiry in July/August 2013
 Base: All mobile contract customers experiencing any type of bill shock in the 12 months prior to interview (1,102)

Telecoms and broadcast consumer complaints to Ofcom

Complaints about fixed-line and mobile mis-selling have decreased over the past 12 months

The term ‘mis-selling’ covers a range of sales and marketing activities that can work against the interests of consumers and competition, and can undermine confidence in the industry as a whole. These include:

- the provision of false and/or misleading information (for example, about potential savings, or promising offers or gifts that do not actually exist);

⁹⁴ Reimbursement may be in the form of operator removing some or all of these unexpected charges, or insurer contributions, for example.

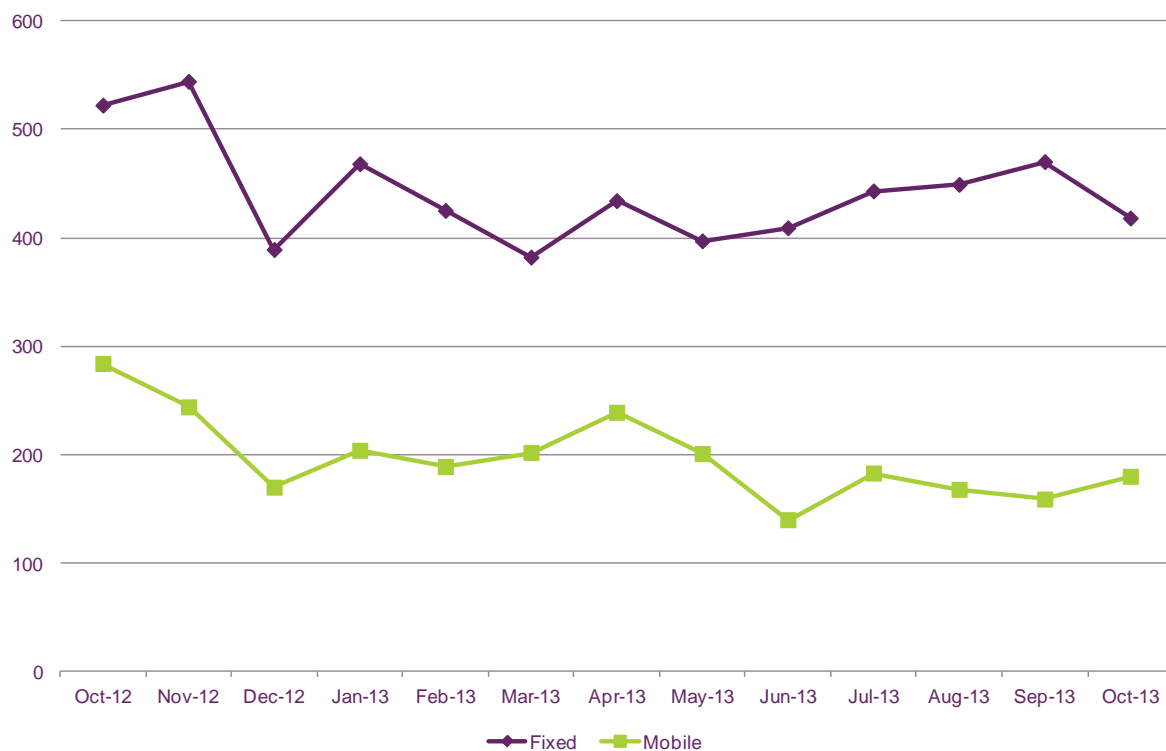
⁹⁵ http://stakeholders.ofcom.org.uk/binaries/research/media-literacy/adult-media-lit-13/2013_Adult_ML_Tracker.pdf

- applying unacceptable pressure to change provider, such as refusing to leave until the customer signs, or using threatening or otherwise intimidating behaviour; and
- 'slamming', an extreme form of mis-selling, where customers are simply switched from one company to another without their knowledge or consent. Forms of slamming can include, for example, passing off (i.e. where representatives claim to represent a different company to the one they are actually working for), and customers being told they are merely signing for information and then being switched to another provider.

Complaints about fixed-line mis-selling have decreased significantly since a peak of around 1,200 in April 2005. The downward trend in fixed-line mis-selling complaints has continued over the past year, with overall fixed-line mis-selling complaints averaging 442 per month for 2013 compared with an average of around 542 a month between October 2011 and October 2012 (Figure 190).

The proportion of complaints about mis-selling/slamming which relate to the mobile market is smaller. This also decreased during Q4 2012, from 284 in October 2012 to 170 in December 2012. There has been some fluctuation since, from a peak of 239 in April 2013 to a low of 140 in June 2013.

Figure 190 Monthly complaints received by CCT regarding mis-selling



Source: Ofcom, CCT data

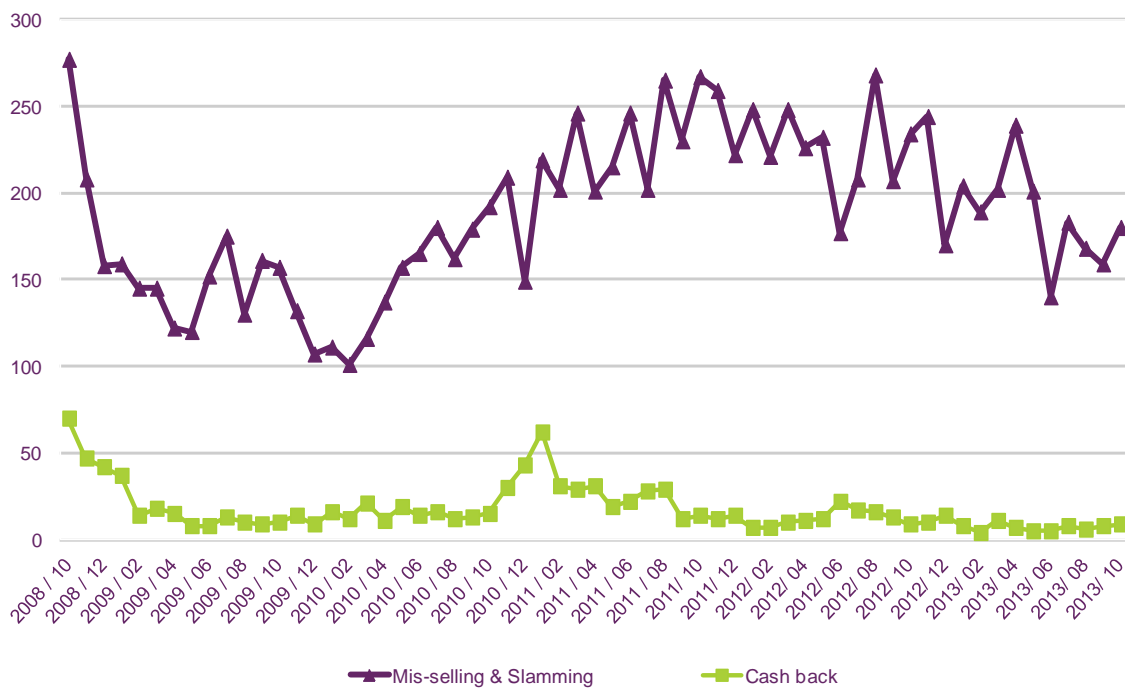
Mobile mis-selling complaints have fluctuated over the long term, while complaints about cash-back schemes have remained low and relatively stable

Figure 191, below, shows the volume of mis-selling complaints received by Ofcom in relation to the mobile market from October 2008 to October 2013. From their peak in October 2008 (277 complaints per month), complaints about mobile misselling and slamming reached a low of 100 in February 2010. From that point onwards, complaints about mis-selling and

slamming rose steadily, reaching another high in August 2012 (268). From October 2012 to October 2013, although levels have fluctuated, we have seen a broad downward trend, with an average number of approximately 190 complaints per month.

Compared to mobile mis-selling complaints, complaints about cashback schemes are much fewer and relatively stable, with an average of eight complaints per month between October 2012 and October 2013.

Figure 191 Monthly complaints about mobile mis-selling / slamming and cashbacks



Source: Ofcom, CCT data

Complaints about additional charges have remained stable year on year, and largely relate to early termination charges

Additional charges that consumers may face from their communications supplier, over and above those which they already pay for the service, can be due to a number of factors, including not paying by direct debit, late payment of bills, having a service restored following a restricted or suspended service after a late payment, and early termination charges.

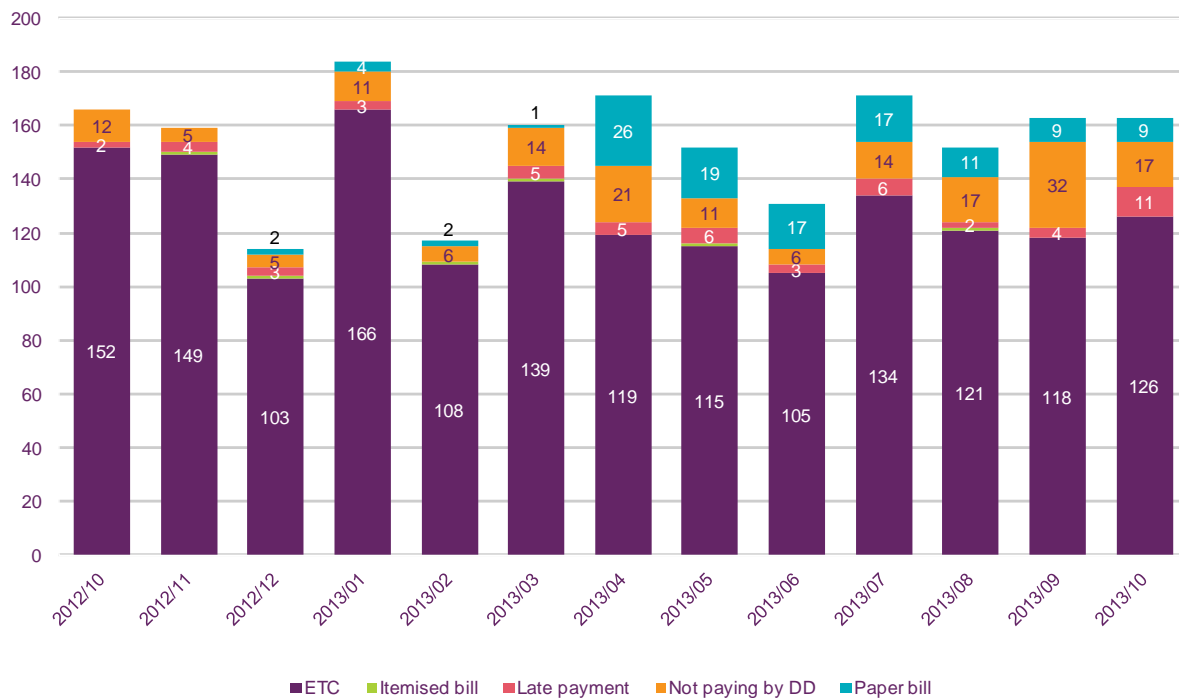
Consumers potentially suffer financial harm if such charges are unclear, or they do not take the charges into account when choosing their communications provider, and as a result do not make the best choice. In addition, competitive pressures may not act to reduce these charges, which can then be set significantly above cost, and consumers who are not aware of them cannot take measures to avoid them.

Some consumers are potentially more at risk from incurring additional charges, for instance, those who do not have a bank account and so cannot pay by direct debit.

Figure 192 illustrates the trend in the volume of complaints that Ofcom has received about additional charges, across all communications services. Complaints about additional charges have remained stable year on year, from 166 in October 2012 to 163 in October

2013, with a low point of 114 in December 2012 and a peak of 184 in January 2013. The majority of these complaints relate to early termination charges (ETC).

Figure 192 Complaints about additional charges



Source: Ofcom, CCT data

Complaints about MAC codes have declined significantly since its peak in 2007, with 100 per month on average in 2013

When consumers wish to change their broadband supplier they have to request a migration authorisation code (MAC) from their current ISP. A MAC is a unique code that a customer must give to his or her new broadband service provider, to allow the service to be transferred smoothly from the existing service provider. Ofcom used to receive large volumes of complaints from consumers who had experienced difficulties in obtaining a MAC from an ISP.

Ofcom introduced broadband migration rules requiring suppliers to provide a MAC on request in February 2007. The volume of complaints about broadband migration in general has decreased significantly since then. The chart below illustrates the trend in the volumes of complaints specifically relating to MAC (Figure 193).

The sharpest monthly decrease was from 843 in March 2007 to 530 in April 2007. Complaints fluctuated over the following year, before dropping again from 570 in March 2008 to 446 in April 2008. The general downward trend has since continued, more gradually and with some variation, stabilising at between 60 and 130 complaints per month from April 2011. Between October 2012 and October 2013 there were about 90 monthly complaints about this issue.

Figure 193 Monthly complaints received by CCT specifically about MAC codes



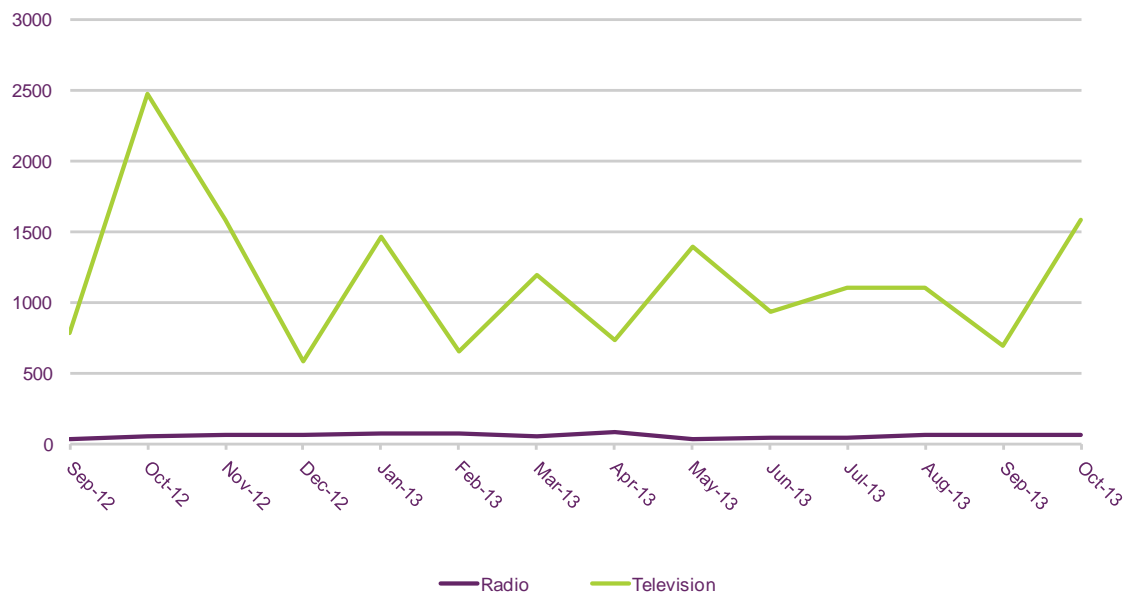
Source: Ofcom, CCT data

Broadcasting complaints to Ofcom continue to focus on content standards

Broadcasting complaints are few in comparison to the level of complaints received by Ofcom relating to telecoms, but have been generally at a similar level to spectrum complaints at points during the past year.

Over the course of 2013 the Content Standards, Licensing and Enforcement team received approximately 1,000 complaints each month about the content of programmes. Complaints about radio programming remained at a low level throughout 2013. In October 2013 there were 1,642 broadcasting complaints, of which 1,581 were about television and 61 were about radio (Figure 194).

Figure 194 Numbers of broadcasting complaints received by Ofcom:, 2012-2013



Source: Ofcom, standards data

The level of broadcasting complaints increased in October 2012 due to complaints about *The X Factor Results Show* (ITV1). There were also small rises in January 2013, largely due to complaints about *Celebrity Big Brother* (Channel 5), in March 2013, largely due to complaints about *Comic Relief: Funny for Money* (BBC 1), in May 2013, largely due to complaints about the broadcast news coverage of the Woolwich incident on 22 May 2013 (various channels), and in October 2013, largely due to complaints about *The X Factor Results Show* (ITV). Figure 195 shows the individual TV programmes that received the most complaints between September 2012 and October 2013.

Figure 195 Top programmes complained about: September 2012 - October 2013

Month of broadcast	Top programmes complained about (over 100 complaints in a month)	number of complaints in a month
Aug-12*	<i>Islam: The Untold Story</i>	104
Oct-12	<i>Sky News</i>	309
Oct-12	<i>The X Factor Results Show</i>	1,344
Nov-12	<i>This Morning</i>	480
Dec-12	<i>Big Fat Quiz of the Year</i>	184
Jan-13	<i>Celebrity Big Brother</i>	105
Jan-13	<i>Celebrity Big Brother</i>	119
Mar-13	<i>Comic Relief: Funny for Money</i>	492
May-13	<i>Britain's Got Talent Results</i>	162
May-13	<i>ITV News and Weather</i>	278
Jun-13	<i>Big Brother</i>	305
Jul-13	<i>Big Brother</i>	167
Jul-13	<i>Emmerdale</i>	193
Aug-13	<i>Big Brother</i>	245
Oct-13	<i>Downton Abbey</i>	246
Oct 13	<i>The X Factor Results Show</i>	123
Oct-13	<i>The X Factor Results Show</i>	317

Source: Ofcom, Standards data

*Ofcom received a total of 287 complaints about *Islam: The Untold Story* broadcast by Channel 4 on 28 August 2012. Of those complaints, 102 were received in September 2012.

Figure 196 below lists the television programmes most complained about between September 2012 and October 2013. *The X Factor Results Show* received the highest number of complaints (11%).

As there were no radio programmes which received more than three individual complaints during the timeframe specified, they have not been shown in the chart below.

The relatively high level of 'other' issues (each mentioned by less than 1% of consumers) in both television and telecoms highlights the wide variety of issues that consumers complain about within the communications market.

Figure 196 Most-mentioned complaints to Ofcom⁹⁶

Television	
<i>The X Factor Results Show</i>	11%
<i>Big Brother</i>	5%
<i>This Morning</i>	4%
<i>Celebrity Big Brother</i>	3%
<i>Comic Relief: Funny for Money</i>	3%
<i>The X Factor</i>	3%
<i>Coronation Street</i>	2%
<i>Emmerdale</i>	2%
<i>ITV News and Weather</i>	2%
<i>Sky News</i>	2%
Other	63%
Telecoms	
Silent calls	34%
Complaints handling	11%
Mis-selling (fixed-line)	4%
Migration	3%
Mis-selling (mobile)	2%
Additional charges - ETC breakdown (consumer)	2%
Mis-selling (bundled services)	1%
Charged for cancelled service	1%
Mis-selling (other)	1%
Others (1% or less)	41%

Source: Ofcom, CCT and standards data September 2012 to October 2013

9.3 Alternative dispute resolution (ADR)⁹⁷

Ofcom receives a proportion of complaints and enquiries about the communications market and postal sector, but many consumers contact their communications provider (CP) direct. As the communications regulator, Ofcom has a duty to set regulation for CPs' complaints handling procedures, to ensure that consumers do not experience harm or detriment. As part of its ongoing monitoring, Ofcom publishes an annual report measuring and comparing the

⁹⁶ ETC (early termination charges)

⁹⁷ Alternative dispute resolution (ADR) schemes act as an independent middleman between the service provider and the customer. If the ADR scheme agrees with your complaint, it can order the service provider to fix the problem and could potentially make a financial award. It is a requirement that all service providers are members of an ADR scheme.

quality of customer service that consumers receive from the main providers in each of the communications markets⁹⁸.

For various reasons, not all complaints will be resolved by communications providers (CPs). Where this is the case, the CP should issue the complainant with a 'deadlock letter' so that the complaint can be referred to an alternative dispute resolution (ADR) scheme. A dispute which is older than eight weeks and unresolved can also be referred to ADR. CPs must be signed up to one of the two Ofcom-accredited schemes: Ombudsman Services or CISAS.

The data below summarise the results of a study conducted in early 2013⁹⁹ on ADR awareness and use among communications complainants who were eligible¹⁰⁰ for referral to an ADR scheme. The research reflects eligible complainants' views on their most recent or most-progressed complaint with their provider in the past 12 months.

Just over a quarter of complainants surveyed were eligible for ADR referral

Figure 197 shows the proportion of all screened¹⁰¹ participants in the Ofcom study who had made any complaint to their communications provider in the past 12 months. Forty-two per cent of those interviewed said they had made at least one complaint to a communications provider in this period. A comparable proportion (45%) of all complaints made were about services that came as part of a bundle.

Of the individual services, fixed broadband was the most complained-about service overall, with just under a quarter (23%) making at least one complaint in the past 12 months. This was followed by just under one in five (19%) making a complaint about their mobile phone service.

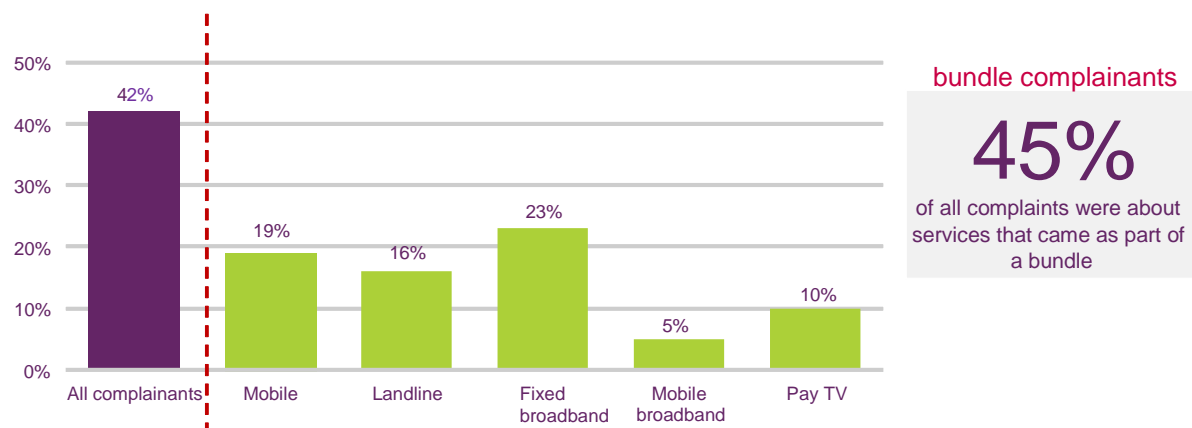
⁹⁸ The latest report can be found here: http://stakeholders.ofcom.org.uk/binaries/research/tv-research/Quality-Customer-Service-report-December-2013/Quality_of_service_report.pdf

⁹⁹ Full study can be found here: http://stakeholders.ofcom.org.uk/binaries/research/telecoms-research/adr-august-2013/ADR_august2013.pdf

¹⁰⁰ An eligible complaint is defined as: A complaint that is unresolved for more than 8 weeks, or a complaints that has been unresolved for less 8 weeks but for which the complainant has received written notification of their right to apply to ADR or a deadlock letter. Eligibility refers to eligibility for ADR referral, not necessarily eligible for acceptance to an ADR scheme.

¹⁰¹ This refers to the number of consumers who were asked a number of initial questions to determine their eligibility for taking part in the research.

Figure 197 All those making any complaint to a service provider in the past 12 months



Source: ADR online research

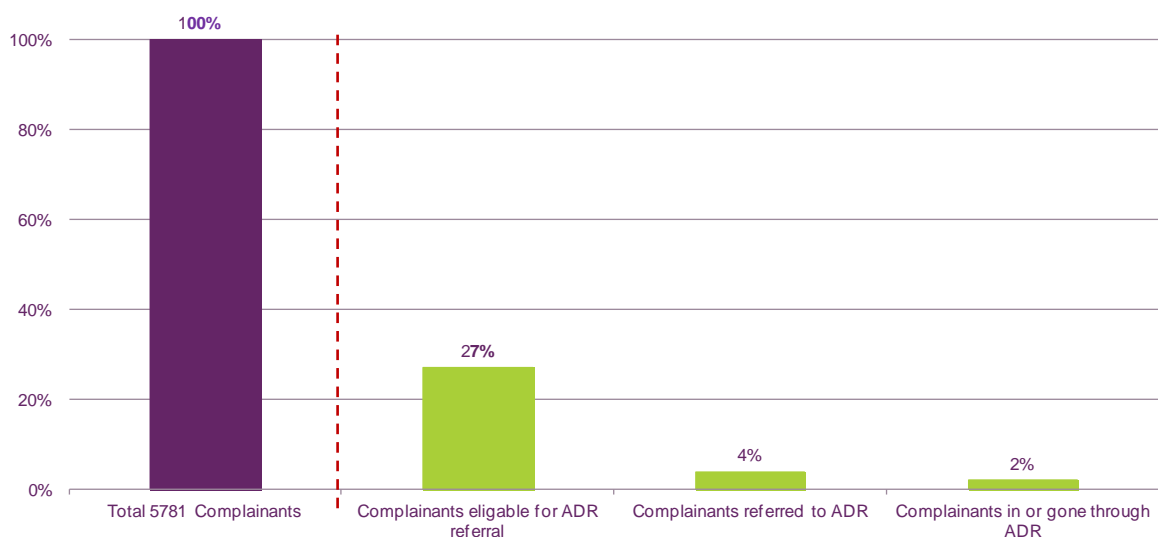
Base: All screened (13711)

Q5 Have you made a complaint to any of these service providers in the last year. This could be a current, on-going complaint or one that has already been resolved.

A minority (15%) of eligible complainants were referred to ADR

Figure 198 shows that just over a quarter (27%) of complainants were eligible for ADR referral, but only 4% of all the complainants screened had actually been referred to ADR. This equates to 15% of all eligible complainants being referred to ADR by their CP, while half of those referred to ADR said they had proceeded to use this process.

Figure 198 Proportion of complainants eligible for the ADR process



Source: ADR online research

Base: All complainants: (5781)

Q5 Have you made a complaint to any of these service providers in the last year. This could be a current, on-going complaint or one that has already been resolved.

Q6 Have any of these complaints taken 8 or more weeks to resolve?

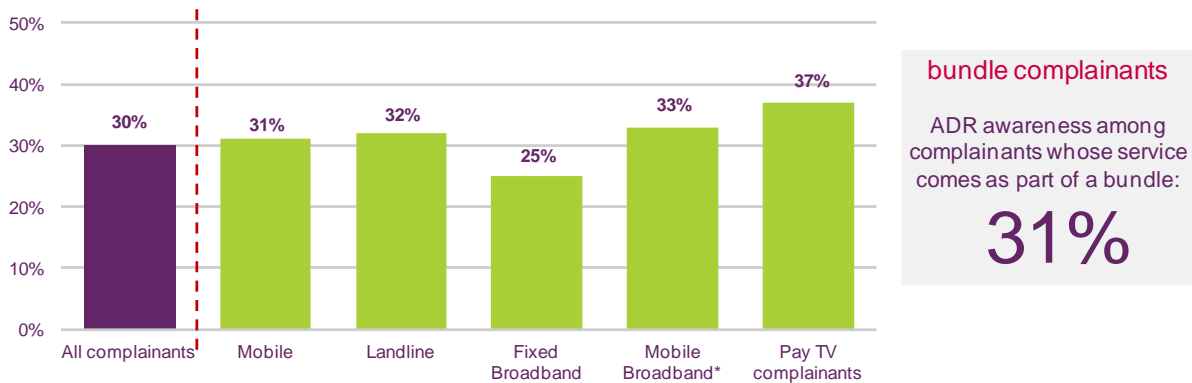
QC3.1 Did you receive written notification from your provider informing you about your right to apply to an ADR scheme in any of the following ways?

Q9.2 When your ADR application was accepted did you proceed with this complaint via the ADR scheme with either the Ombudsman service or CISAS?

Among those eligible, three in ten complainants were aware of their right to be referred to ADR

As shown in Figure 199, three in ten eligible complainants were aware of ADR. Awareness of ADR was lowest among fixed broadband complainants (25%) and highest among pay-TV complainants (37%). Awareness of ADR among complainants whose service comes as part of a bundle was in line with other services (31%).

Figure 199 ADR awareness among eligible complainants



Source: ADR online research

Base: All eligible complainants: (1524); mobile (496); landline (270); fixed broadband (552); mobile broadband (87)*; pay TV (149); bundle complainants (646)

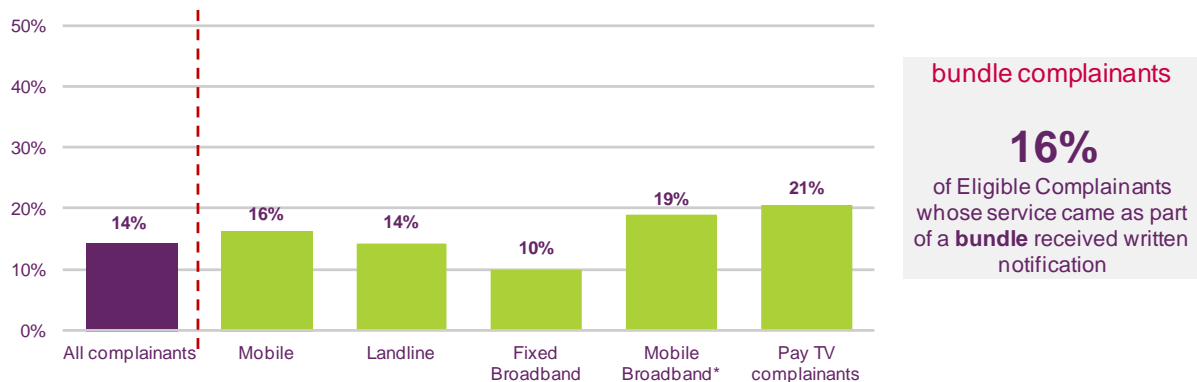
*Caution: low base

Q7 Were you aware of this scheme before now?

Eligible complainants rely on their communications providers to inform them about ADR

As noted above, 15% of eligible complainants recalled being referred to ADR by their provider. The majority (14% of all eligible complainants) recalled receiving written notification of their right to apply to ADR (Figure 200). This varied across provider types, with over one in five (21%) pay-TV complainants recalling written notification, compared to one in ten (10%) fixed broadband complainants.

Figure 200 Eligible complainants who recalled receiving written notification of ADR



Source: ADR online research

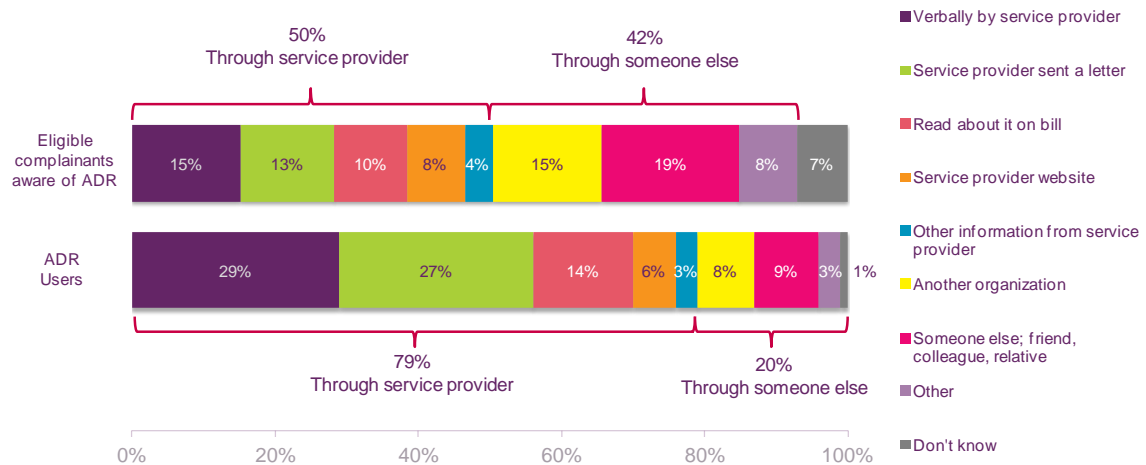
Base: eligible complainants: (1524); mobile (496); landline (270); fixed broadband (552); mobile broadband (87); pay TV (149); bundle complainants (646)

QC3.1 Did you receive written notification from your provider informing you about your right to apply to an ADR scheme in any of the following ways?

*Caution: low base size

Half of all eligible complainants who were aware of ADR first became aware of the scheme via their CP (Figure 201). Among complainants who went on to become ADR users, the majority (79%) had first heard about ADR through their CP.

Figure 201 How eligible complainants who knew about ADR first became aware of it



Source: ADR online research

Base: eligible complainants aware of ADR (452), ADR users (111)

Q8 Can you recall how you first heard about this scheme?

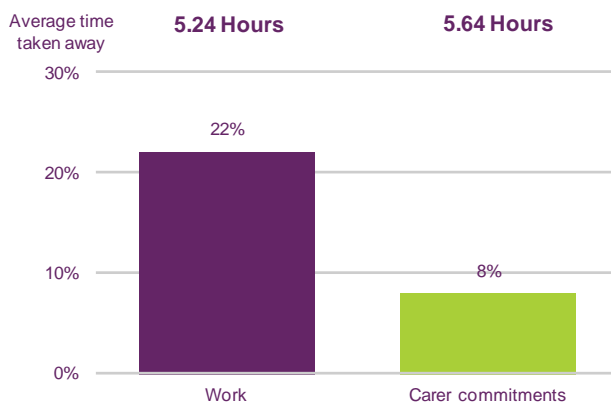
On average it took over five hours for consumers' complaints to be dealt with during working / caring hours

Figure 202 shows that 22% of complainants in employment took time off work, and spent on average 5.24 hours to deal with their complaint. Another 8% of complainants took time away from carer commitments, and spent on average 5.64 hours, to deal with their complaint.

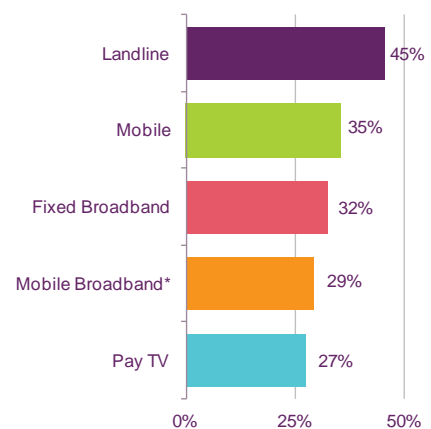
Issues with landline services were the most likely to be dealt with during working hours (45%) with pay-TV issues the least likely (27%).

Figure 202 Complainants who took time away from work or carer commitments to deal with their complaint

Complainants taking time away from work or carer commitments to deal with complaint



Types of complaint dealt with during working hours



Source: ADR online research

Base: eligible complainants: (1524): All eligible complainants employed (985): Complainants taking time from work (333): complainants taking time from carer commitments (124)

QC5.1 Did you take any time away from work/carers commitments in order to deal with this complaint?

QC5.2 How much time did you take away from work/carers commitments?

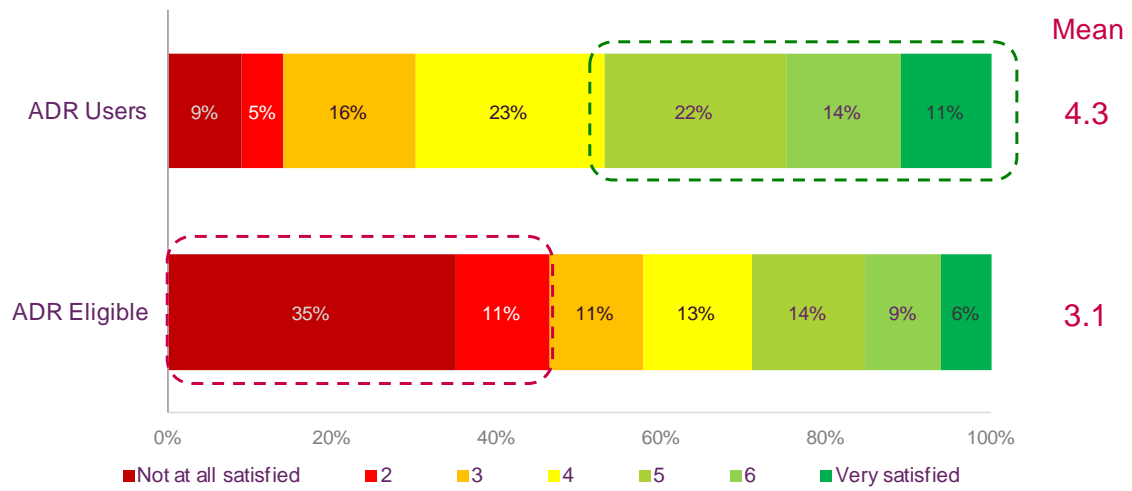
QC6 When were you dealing with this complaint?

Overall satisfaction with the outcome of the complaint was better when an ADR scheme was used

Figure 203 shows levels of satisfaction with the final outcome of the complaint, among all those eligible to be referred to ADR, compared with satisfaction levels of eligible complainants who actually used the scheme.

Overall, 29% of eligible complainants were satisfied (with a score of 5 or above) with the final outcome of their complaint, compared to just under half (47%) of those who used the ADR scheme being satisfied. Furthermore, those who used the service are far less likely to be dissatisfied than those who are eligible but did not use ADR (14% vs. 46%).

Figure 203 Satisfaction with final outcome of complaint procedure



Source: ADR online research

Base: eligible complainants: (1524); ADR Users (111)

Annex 1

Research methodologies

Time series data

Where possible, data from Q2 or Q3 2013 have been compared with data from a similar time period in previous years. However, where analysis by nation has been included, different time periods have been used – 2013 data were collected in Q1 2013 and are compared to annual rolled data collected in 2006 and 2007 (Q1 – Q4 combined) and Q1 2008, 2009, 2010, 2011 and 2012 data.

The switching tracker questionnaire was revised in 2012 in order to provide switching data for each market as a whole, as well as comparisons by purchasing behaviour across the market. Data from 2012 and 2013 are directly comparable but total market trend data prior to this is indicative only.

Statistical reliability

For reporting purposes, sub-group differences are noted in the report only when they are significantly different from the total sample or subgroups within the sample. We have reported differences at the 99% confidence level; this means that if you asked 100 people in the population, 99 of them would give a similar response to the finding reported. Where differences are referred to as 'indicative' these tested positive at the 95% confidence level.

Insufficient sample sizes (i.e. fewer than 50 participants) were achieved for some demographic groups for some metrics. Where this is the case, no data have been reported.

Low sample sizes (i.e. between 50 and 100 participants) were achieved for some demographic groups for some metrics. Where this is the case, it has been highlighted that the data should be viewed with caution and as indicative only, as they are subject to high margins of error.

Ofcom communications tracking survey

Methodology	Face-to-face survey
Core objective	To provide Ofcom with continued understanding of consumer behaviour in the UK communications markets, to help monitor changes and assess the degree and success of competition.
Sample size	2000+ per quarter
Fieldwork period	Q1 2013 (January, February), Q2 2013 (May, June, July)
Sample definition	UK adults aged 16+, reflective of the UK profile by sex, age, socio-economic group, region, employment status, cabled/non-cabled areas, rural/urban areas and levels of deprivation.
Weighting	Where necessary, the data have been weighted to ensure they are representative of the UK adult population.

Ofcom switching tracking survey

Methodology	Telephone survey to mobile and landline phones
Core objectives	<p>To explore the fixed line, mobile, internet/broadband markets, and multi-channel TV recognising that with increased convergence bundled purchasing may affect consumers' decision-making.</p> <p>To monitor levels of participation in terms of switching and keeping an eye on the communications markets.</p> <p>To monitor levels of satisfaction by demographic groups to understand whether some groups are more vulnerable than others.</p>
Sample size	2013: 1596 fixed-line decision-makers, 1718 mobile decision-makers, 1291 fixed broadband decision-makers, 1102 digital TV decision makers
Fieldwork period	July-August 2008, 2009 and 2010, June-July 2011, July-August 2012 and 2013
Sample definition	Representative sample of UK adults aged 16+, reflecting the UK profile of sex, age, socio-economic group, region, employment status, cabled/non cabled areas, rural/urban areas and levels of deprivation.
Weighting	Data have been weighted to ensure the sample is representative of the UK adult population

Ofcom residential consumer postal tracking survey

Methodology	Quantitative face-to-face, pen and paper. Average interview length of 30 minutes with UK adults who personally send and/ or receive items through the post
Core objectives	<p>To provide trend data that enables us to monitor the industry over time.</p> <p>To collect data that enables comparisons to be made with historic data collected by Postcomm and other surveys in communications markets by Ofcom.</p> <p>The topic areas covered in this summary include:</p> <ul style="list-style-type: none"> • The use of postal services • Volumes and types of post sent and received • Communication methods used instead of post

- Awareness of postal services providers
- Postal spend, cost awareness and perceived value for money of post
- Experience of problems with postal services
- Overall satisfaction with postal services and with elements of postal services

Sample size	400 UK adults per month; rolling monthly interviews throughout the year, rolled into quarterly waves of approximately 1200. 4844 interviewed completed in Year 1.
Fieldwork period	Period covered is from Q3 2012 –Q2 2013. Fieldwork was July 2012- June 2013
Sample definition	<p>Representative sample of UK adults aged 16+, reflecting the UK profile of sex, age, socio-economic group, region, employment status, cabled/non cabled areas, rural/urban areas and levels of deprivation.</p> <p>Quotas set for each of the 98 sampling points across the UK to match Census information for that area for age, gender and socio-economic group.</p>
Weighting	Data have been weighted to ensure the sample is representative of the UK adult population. Significant weighting applied to the data by geography to be representative of all UK adults - to take account of the coverage of remote rural locations, off-shore islands and areas east and west of the River Bann in Northern Ireland.

Annex 2

Glossary of terms and definitions¹⁰²

2G Second generation of mobile telephony systems. Uses digital transmission to support voice, low-speed data communications, and short messaging services.

3G Third generation of mobile systems. Provides high-speed data transmission and supports multi-media applications such as video, audio and internet access, alongside conventional voice services.

4G Fourth generation of mobile systems. It is designed to provide faster data download and upload speeds on mobile networks.

ADSL Asymmetric digital subscriber line. A digital technology that allows the use of a standard telephone line to provide high speed data communications. Allows higher speeds in one direction (towards the customer) than the other.

Broadband A service or connection that is capable of supporting always-on services which provide the end-user with high data transfer speeds. A large-capacity service or connection that allows a considerable amount of information to be conveyed - often used for transmitting bulk data or video or for rapid internet access.

Bundling (or multi-play) A marketing term describing the packaging together of different communications services by organisations that traditionally only offered one or two of those services.

CCT Consumer Contact Team (previously known as the Ofcom Advisory Team).

Communications Act Communications Act 2003, which came into force in July 2003.

Connection speed The rate at which information can be transferred from the internet to a computer. Dependent on the type of connection, i.e. modem, cable, DSL, etc.

CP Communications provider. A person or company providing an electronic communications network or providing an electronic communications service.

DAB Digital audio broadcasting. A set of internationally accepted standards for the technology by which terrestrial digital radio multiplex services are broadcast in the UK.

DCMS Department for Culture, Media and Sport

Deadlock letter A letter or email from a Communications Provider to a Complainant agreeing that the Complaint can be referred to the relevant Alternative Dispute Resolution scheme.

DSL Digital subscriber line. A family of technologies generally referred to as DSL, or xDSL, capable of transforming ordinary phone lines (also known as 'twisted copper pairs') into high-speed digital lines, capable of supporting advanced services such as fast internet access and video-on-demand. ADSL, HDSL (high data rate digital subscriber line) and VDSL (very high data rate digital subscriber line) are all variants of xDSL).

¹⁰² These are not binding or statutory definitions but are written in broad layman's terms to aid the reader. More comprehensive definitions are in other Ofcom or legislative documents.

DSO Digital switchover. The process of switching over the current analogue television broadcasting system to digital, as well as ensuring that people have adapted or upgraded their televisions and recording equipment to receive digital TV.

DTT Digital terrestrial television. Currently most commonly delivered through the Freeview service.

ETC Early termination charge. A charge for consumers who terminate their contract before the end of any Minimum Contract Period (or Subsequent Minimum Contract Period).

Free to Air Television service which can be received in a given area without charge to the viewer. Some free-to-air services may be broadcast in scrambled form in order to limit access to viewers in a specific geographic area. Other free-to-air services may be broadcast in the clear – i.e. unscrambled.

Freeview Free digital service giving access to over 30 TV channels, over 20 radio stations plus interactive services.

Internet A global network of networks, using a common set of standards (e.g. the Internet Protocol), accessed by users with a computer via a service provider.

Involuntary non-ownership Whereby potential consumers are without access to a service but not through choice.

IP (internet protocol) The packet data protocol used for routing and carrying messages across the internet and similar networks.

IPTV Internet protocol television. The term used for television and/or video signals that are delivered to subscribers or viewers using internet protocol (IP), the technology that is also used to access the internet. Typically used in the context of streamed linear and on-demand content, but also sometimes for downloaded video clips.

ISP Internet service provider. A provider of access to the internet.

LLU Local loop unbundling. Process whereby incumbent operators (in the UK this is BT and KCOM) make their local network (the lines that run from the customers' premises to the telephone exchange) available to other communications providers. The process requires the competitor to deploy its own equipment in the incumbent's local exchange and to establish a backhaul connection between this equipment and its core network.

Local loop Access network connection between the customer's premises and the local PSTN exchange, usually a loop comprised by two copper wires twisted together.

Mbit/s Megabits per second (1,000,000 bits per second). A unit of measurement of data transmission speed.

Mis-selling A term that covers a range of sales and marketing activities that can work against the interests of both consumers and competition and can undermine confidence in the industry as a whole.

MMS Multimedia messaging service. The next generation of mobile messaging services, adding photos, pictures and audio to text messages.

MNO Mobile network operator, a provider who owns a cellular mobile network.

Mobile broadband Various types of wireless, high speed internet access through a mobile telephone or a mobile data dongle.

Mobile termination The charge operators which originate calls have to pay to mobile operators to deliver calls to their mobile customers.

Multichannel In the UK, this refers to the provision or receipt of television services other than the main five channels (BBC One and Two, ITV1, Channel 4/S4C, Five) plus local analogue services. 'Multichannel homes' comprise all those with digital terrestrial TV, satellite TV, digital cable or analogue cable, or TV over broadband. Also used as a noun to refer to a channel only available on digital platforms (or analogue cable).

Multiplex A device that sends multiple signals or streams of information on a carrier at the same time in the form of a single, complex signal. The separate signals are then recovered at the receiving end.

MVNO Mobile virtual network operator. An organisation which provides mobile telephony services to its customers, but does not have allocation of spectrum or its own wireless network and instead, buys a wholesale service from a mobile network operator.

Next generation access networks (NGA) New or upgraded access networks that will allow substantial improvements in broadband speeds and quality of service compared to today's services. This can be based on a number of technologies including cable, fixed wireless and mobile. Most often used to refer to networks using fibre optic technology.

Omnibus Quantitative market research survey carrying questions on different topics.

Openreach The access division of BT which provides equivalent inputs to services provided in downstream markets by other divisions of BT and other network and service providers.

PC Personal computer.

Platform The device on which a technology runs.

Postcode The geographic area identified by letters and numbers which appears as the first part of a postcode, e.g. SW8.

Postal Services Act Postal Services Act 2011, which came into force in October 2011.

PSTN Public switched telephone network. The network that manages circuit switched fixed-line telephone systems (e.g. BT's current copper telephone network).

Silent call Telephone call generated by a dialler which does not have an agent immediately available to handle the call.

SIM-only A mobile contract that is sold without a handset.

Slamming Unauthorised switching of a customer's phone service to another carrier.

Smartphone A mobile phone that offers more advanced computing ability and connectivity than a contemporary basic 'feature' phone.

SMS Short messaging service.

Socio-economic group (SEG) A social classification, classifying the population into social grades, usually on the basis of the Market Research Society occupational groupings (MRS, 1991). The groups are defined as follows.

- A.** Professionals such as doctors, solicitors or dentists, chartered people like architects; fully qualified people with a large degree of responsibility such as senior civil servants, senior business executives and high ranking grades within the armed forces. Retired people, previously grade A, and their widows.
- B.** People with very senior jobs such as university lecturers, heads of local government departments, middle management in business organisations, bank managers, police inspectors, and upper grades in the armed forces.
- C1.** All others doing non-manual jobs, including nurses, technicians, pharmacists, salesmen, publicans, clerical workers, police sergeants and middle ranks of the armed forces.
- C2.** Skilled manual workers, foremen, manual workers with special qualifications such as lorry drivers, security officers and lower grades of the armed forces.
- D.** Semi-skilled and unskilled manual workers, including labourers and those serving apprenticeships. Machine minders, farm labourers, lab assistants and postmen.
- E.** Those on the lowest levels of subsistence including all those dependent upon the state long-term. Casual workers and those without a regular income.

Tariff Schedule of rates and charges for a service.

UHF Ultra-high frequency. The frequency range from 300 MHz to 1 GHz.

Unbundle See LLU.

USO Universal service obligation. An obligation placed on a universal service provider requiring it to supply a service.

VoIP Voice over Internet Protocol. A technology that allows users to send calls using internet protocol, using either the public internet or private IP networks.

Voluntary non-ownership Whereby potential consumers are without access to services, primarily due to a perceived lack of need for a service or satisfaction with using alternative methods.

Annex 3

Measuring participation in communications markets

The metric is created using measures of past and present participation behaviour.

Past behaviour – whether consumers have switched or considered switching, whether they have made a change to an existing contract – e.g. negotiated a better deal with their current supplier.

Present behaviour – whether they keep informed about developments, or ‘keep an eye out’ for better deals on the market.

Consumer segments:

1. **Inactive consumers** – consumers may have had some past involvement, but have low interest in the market. This group does not keep up to date with the market.
2. **Passive consumers** – more likely than inactive consumers to have participated in the past, and indicate some current interest in the market.
3. **Interested consumers** – while broadly similar to passive consumers in terms of their past behaviour, they are more likely to keep an eye on the market, looking out for better deals.
4. **Engaged consumers** – the most active group in terms of past behaviour and current interest.