

Ofcom publishes The Communications Market 2004 report

August 12 2004

Ofcom has today published The Communications Market 2004, its report on key trends in UK within the radio, television and telecommunications sectors in 2003-4. Publication reveals new trends in television, radio and telecoms. The report also reveals the extent to which the UK is becoming a digital nation, with widespread availability of digital networks of all kinds.

1) More time

Consumers are dedicating more of their time to electronic media and communications services. Between 1999 and 2003:

Time spent online increased eight-fold (average of 2 hours a week on dial-up in 1999 to a reported 16 hours a week in broadband households in mid 2004).

Time spent on mobile phone calls almost tripled (average of 10 minutes a week to 27 minutes).

Text messages increased fifteen-fold (average of 1 a week to 15 a week).

Radio listening increased by 6 per cent (41.2 hours per household per week to 43.5 hours).

Television viewing increased by 2 per cent (25.6 hours per household per week to 26.1 hours).

2) More spending

As usage rises, encouraged in part by falling prices, UK consumers are also committing more of their household spending to communications services:

Residential customer spending on fixed, mobile and internet services increased by £1.3 billion in 2003.

In real terms consumers now allocate 4 per cent of household spending to media and communications services, up from 2.9 per cent in 1999. Average spending per household on television has risen from £2.68 per week in 1999 to £4.36 per week in 2003.

3) More digital

The UK is going digital, with greater adoption of digital services and formats (such as MP3s and DVDs), increased digital network coverage and cheaper digital devices:

Digital television is available to almost the entire UK via satellite, cable or terrestrial means – 53 per cent of households already have at least one digitally enabled set in their home.

DAB digital radio covers over 85 per cent of the UK population, with local services available in 47 areas. Digital radio via other platforms such as digital television or the internet is available across the whole UK.

Broadband services are currently available to 88.7 per cent of households and take-up is growing rapidly.

4) More choice

Lower barriers to entry for new competitors, increasing innovation and the emergence of new technologies are broadening choice for consumers.

Digital satellite, cable and terrestrial have dramatically expanded the range of services available. In the last decade:

The number of television channels has risen from 56 to 271.

The number of analogue radio services has risen from 218 to 325.

In addition there are 130 commercial DAB digital radio stations, of which 32 are digital only; 14 stations previously only available in one region on analogue are now also available on digital in additional regions.

In 2002 there were no digital terrestrial television receivers available for less than £60; in 2003 consumers could choose from 18 different models

below £60. The cheapest now costs £21.

Greater competition in the residential fixed-line voice market has brought in new entrants and helped drive down prices by an average of 7.1 per cent in real terms in 2002-3.

5) Shifts in revenue

Traditional sources of revenue are changing:

For the first time ever in the UK, the total amount of revenue raised by the television industry through subscription has exceeded the total amount of revenue raised from advertising.

In the telecoms industry, total consumer spending on mobile services (voice and text) has exceeded total consumer spending on fixed-line phone calls for the first time.

6) Radio sector leads convergence

Traditional radio services are now distributed across different networks and received by consumers using a variety of different devices:

54 per cent of people listen to radio every day,

An increasing number are listening via DAB receivers, digital television, the internet and mobile phones as well as traditional analogue receivers; 29 per cent of adults have listened to radio via digital television and 15 per cent of adults have listened to radio stations online.

This has helped commercial radio increase its share of total advertising spending by 60 per cent in ten years (2.8 per cent in 1993 to 4.5 per cent in 2003).

The report also identified a number of other significant trends, particularly in the further development of broadband and the mobile telecoms sector:

Broadband

There are now almost 50,000 new broadband subscribers every week (DSL and cable), up from around 40,000 additions a week in late 2003.

The total number of UK broadband subscribers is now similar to the number in France and Germany.

Ofcom estimates that the 5 million broadband subscriber milestone will be passed in mid-September 2004.

More than one-third of internet households now have a broadband connection.

Dial-up numbers are declining more slowly than the increase in broadband connections; more consumers with no prior internet connection are going straight to broadband for their first experience of being online at home.

Mobile

86 per cent of UK households now contain at least one mobile phone.

21 per cent of consumers now regard their mobile phone as their main device for making and receiving calls (up from 17 per cent in 2002).

20 million mobile consumers use their mobile phone at least once a week instead of making a call from a fixed-line phone.

Mobile call costs fell by an average of 1.4 per cent in real terms in 2002-3.

Fixed-line voice

Including cable networks and alternative operators, more than a quarter of all business and residential fixed-line customers take call services from a provider other than BT.

BT's fixed-line business now accounts for just over 40% of all voice calls made in the UK once mobile phones and other fixed-line providers are taken into account.

The Communications Market 2004 report is available online at www.ofcom.org.uk

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