The Communications Market 2014

2 Television and audio-visual

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2.1 Key market developments in TV and audio-visual

2.1.1 Industry metrics and summary

Figure 2.1 Industry metrics

UK television industry	2008	2009	2010	2011	2012	2013
Total TV industry revenue (£bn)	11.2	11	11.8	12.3	12.4	12.9
Proportion of revenue generated by public funds	23%	23%	22%	21%	21%	20%
Proportion of revenue generated by advertising	31%	28%	30%	29%	28%	29%
Proportion of revenue generated by subscriptions	39%	42%	43%	44%	44%	46%
TV as a proportion of total advertising spend	27%	28%	29%	29%	30%	26%
Spend on originated output by 5 main networks (£bn)	2.6	2.4	2.5	2.5	2.6	2.5
Digital TV take-up (% all households)	84%	88%	92%	94%	96%	95%
Proportion of DTV homes paying for TV	53%	54%	52%	51%	51%	53%
Viewing per head, per day (hours) in all homes	3.74	3.75	4.04	4.03	4.01	3.9
Share of the five main channels in all homes	61%	58%	56%	54%	52%	51%
Number of channels broadcasting in the UK	495	490	510	515	529	527

Source: Ofcom/broadcasters/Advertising Association/Warc/BARB. Note: Expressed in nominal terms. Public funds include the DCMS grant to S4C and BBC funding that is allocated to TV. TV as a proportion of total advertising spend excludes direct mail and is based on Advertising Association/Warc Expenditure Report (expenditurereport.warc.com/). The AA/Warc data is net of discounts, and includes agency commission, but excludes production costs. Spend on originations includes spend on nations and regions programming (not Welsh or Gaelic language programmes but some Irish language).

This section examines key developments and trends seen in the UK television market during the past year. These include:

- **The UK television industry generated £12.9bn in revenue during 2013, an increase of £426m (3.4%).** The increase was driven by growth in subscription revenues and net advertising revenues. There was a small decline in publicly-funded television programming in 2013, following an eventful year in 2012, including the London Olympic and Paralympic Games.

- **Pay-TV subscription revenue continues to drive growth in total sector revenues.** Subscription revenues increased by 6.7% in 2013 to reach almost £5.9bn. Subscriptions now account for 46% of all television industry revenues in the UK.

- **Broadcast-based TV advertising income returned to growth in 2013,** increasing by 4% (or £146m) to reach almost £3.7bn, its highest level in the past five years**.** The largest proportional growth was in the commercial PSBs' portfolio channels, where revenues increased by 14% to reach a combined total of £669m.

- **Online TV revenue increased by 41% in 2013 to reach £364m.** The subscription model saw the steepest growth; revenue rose by 76% to £112m, possibly indicating that online streaming services are gaining traction in the UK market.

- **Spend on content by all UK TV channels rose by 3.7% to reach £5.8bn.** In a year of English Premier League broadcast rights renewal, spend on sports programming grew by 19% to reach £1,808m or 59.1% of all programme spend on commercial non-PSB channels. Spend on BBC digital channels and the other PSBs' portfolio channels also increased, rising by 6% and 4% respectively. Spend on first-run originated programming for the main five PSB channels declined by 5%; from £2,588m in 2012 to £2,451m in 2013, partly due to there being no major sporting events that year.

- **Twelve per cent of TV households had a smart TV in Q1 2014, an increase of five percentage points on the previous year.** Among smart TV owners, use of the internet functionality is increasing: 82% used the internet connection on their TV in 2014 compared to 77% in 2013 and 65% in 2012.

- **TV viewing has remained resilient, although there was a decline in 2013 across all age groups.** According to BARB, average viewing dropped from 241 minutes in 2012 to 232 in 2013 among all individuals, with all age groups experiencing declines. This may be due in part to changing media habits, but it might also have been influenced by the hotter summer in 2013 and a lack of 'event' viewing – in previous years viewing was boosted by major sports events such as the 2010 Football World Cup or the Olympic Games in 2012. However, among 16 to 24 year olds viewing has declined for three consecutive years: from 169 minutes in 2010 to 148 in 2013.

- **According to our Digital Day research, UK adults spent on average 4 hours and 17 minutes per day viewing audio visual content through a variety of medi**a. Sixty nine per cent of this viewing was to live TV and recorded television accounted for a further 16%. Viewing online content represented 10% (consisting of 5% on on-demand catch-up services such as BBC iplayer or 4oD, 3% on other downloaded or streamed services such as Amazon Prime Video or Netflix, and 2% on short video clips). A further 5% was spent on physical media such as DVDs or Blu-ray.

2.1.2 TV industry revenue up 3.4% in 2013, driven by increase in subscription revenue

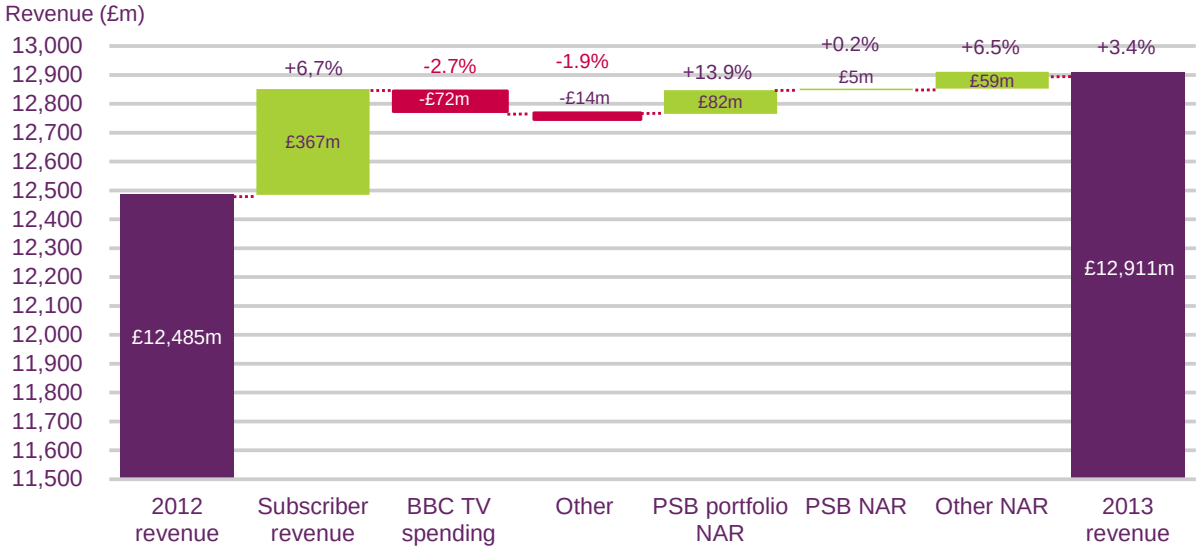
Total TV industry revenues rose by 3.4% (or £426m) in nominal terms to £12.9bn in 2013. Pay-TV subscription revenue, which continues to be the main driver behind the industry's growth, returned to strong growth after a relatively flat year in 2012 (0.9% in that year) with a 6.7% year-on-year increase.

Net advertising revenue increased by 4.1% in 2013 to £3.7bn, recovering from its 2012 decline, when it contracted by 2% to £3.5bn.

'Other' revenue experienced a decline of 1.9% year on year, due to declines in both pay-per-view and interactive revenues; this may be due to consumers switching away from these services and towards on-demand TV.

Ofcom estimates that the BBC spent £2.6bn on its television services in 2013, a decrease of almost 3% since 2012.

Figure 2.2 Total TV Industry revenue, by source: 2013

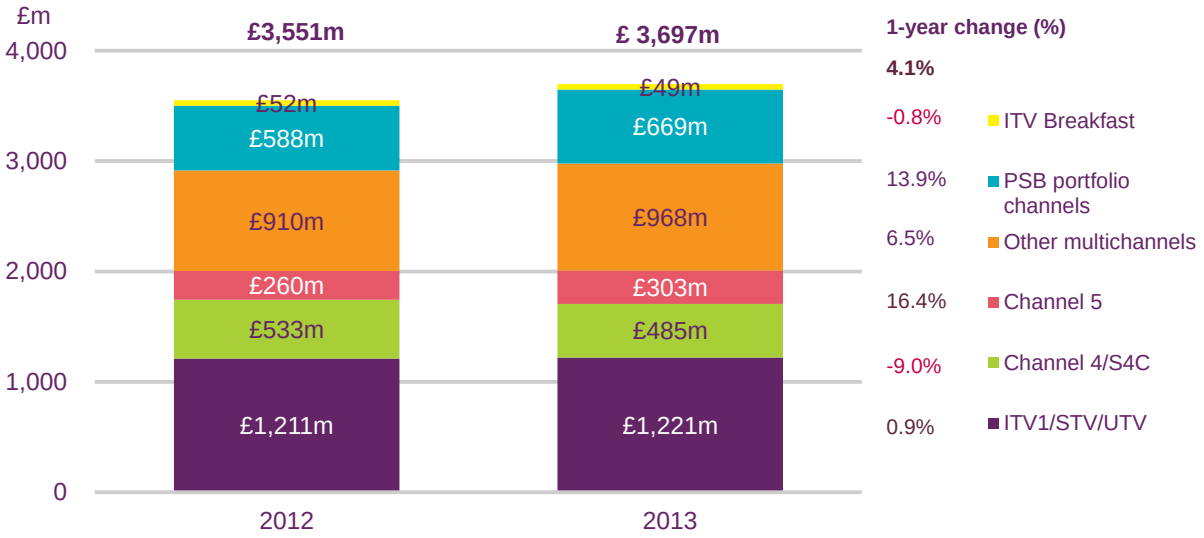


Source: Ofcom/broadcasters. Note: Figures expressed in nominal terms. PSB NAR comprises Channel 3 licensees (including ITV Breakfast, ITV plc, Channel Television, STV and UTV), Channel 4, Channel 5 and S4C. PSB portfolio NAR includes commercial channels owned by the PSBs (ITV2, ITV3, ITV4, E4, More 4, Film 4, 5 and 5USA. 'Other NAR' comprises the rest of the multichannel market. Platform operator revenues do not include installation costs, equipment sales or subsidies. BBC TV spending represents the amount of BBC revenue that is allocated to TV, which is estimated by Ofcom based on Note B3 in the BBC's annual report and accounts 2013/14.*

Advertising revenue recovered in 2013 from its 2% decline in 2012, rising 4.1% overall. In 2013, Channel 5 experienced the largest increase in net advertising revenues of the commercial PSBs (up 16% to £303m), whilst ITV increased by 0.9% to £1,221m. Channel 4 recorded a decline in advertising revenues of 9% year on year to £485m.

The PSB portfolio channels and the multichannel sector also experienced significant gains in net advertising revenue in 2013, increasing by 13.9% and 6.5% respectively.

Figure 2.3 Advertising revenue, by share: 2012-2013



Source: Ofcom/broadcasters. Note: Totals may not equal the sum of the components due to rounding. ITV1/Channel 3 includes ITV plc, STV and UTV.

Online TV revenue continues to increase steeply

Ofcom's calculation of TV revenue includes the traditional revenue sources of subscription fees, advertising revenue and public funding (Figure 2.2). However, online TV revenue in the UK has increased rapidly in the past five years, from £50m in 2008 to £364m in 2013, according to data from IHS. Although still small relative to the overall TV market in terms of revenue, income from online TV grew 41% year on year.

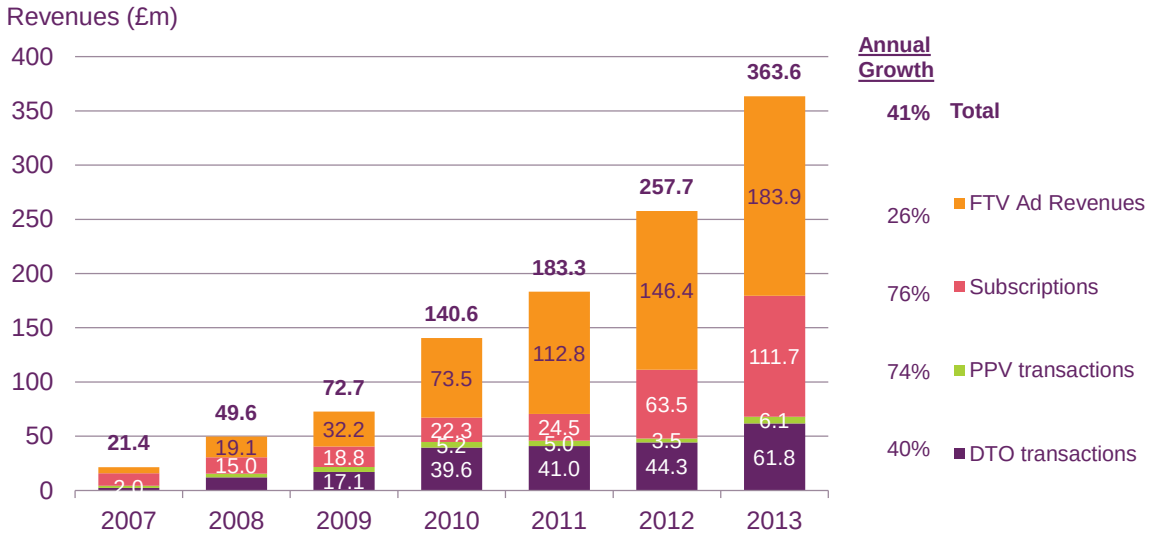
The free-to-view (FTV) business model remains the principal contributor to overall online TV revenues, accounting for 51% of the total, and contributing £184m in 2013. The principal driver of this revenue stream is advertising, and catch-up services such as ITV Player, 4oD and Demand 5 are all funded wholly or in part by this business model.

The subscription model for online audio-visual content access saw continued growth in 2013, as its revenue grew 76% to reach £62m, an indication that services such as Netflix and Amazon Prime Instant Video (formerly LoveFilm) may be gaining traction in the UK market.

Pay-per-view revenues increased in 2013 driven in part by the launch of Sky's NowTV service, which is classified as pay-per-view in Figure 2.4, as it shares more characteristics with that model than with the subscription model, as users buy 'passes' as opposed to having a fixed contract.

The download-to-own business model (DTO) experienced further growth in 2013, up by 40% year on year to £62m.

Figure 2.4 Online TV revenues



Source: IHS. Note: FTV (free to view) refers to services delivering online video free to the consumer. Number of FTV streams includes both ad-supported services and services funded through other means (such as BBC iPlayer). FTV revenues include advertising revenues only. PPV (pay per view) refers to a method of renting digital content whereby customers commonly choose content on 'a la carte' basis and pay to watch it for a limited period. The category includes all content consumed on an on-demand basis, including traditional PPV (such as live sports) and VoD. DTO (download to own) refers to a method of obtaining content that gives the customer ownership over the files they have downloaded, allowing them to use the content as many times as they like.

2.1.3 Smart TVs are opening more avenues to online content

Smart TV:

'Smart TV' refers to a stand-alone television set with inbuilt internet functionality. Users connect to the internet via a broadband router or modem. Smart TVs are produced by consumer electronics manufacturers including Samsung, Sony, Panasonic and LG. The definition does not include television sets connected to the internet via a third-party device such as a set-top box, a games console or a laptop/PC.

Internet-enabled set-top box:

Internet-enabled set-top boxes are third-party devices which enable the receipt of digital television broadcasts via an existing aerial, satellite dish or cable to a television, in addition to connecting the television set to the internet via a router. Internet-enabled set-top boxes include Virgin Tivo, Sky+, YouView, Now TV, Apple TV, and FreeSat receivers.

TV connected via other device:

In this section we refer to television sets which are 'connected via other device'. These are television sets which use a third-party device other than a set-top box to connect to the internet, such as a games console, tablet, laptop/PC or Blu-ray/DVD player.

Over-the-top content:

Over-the-top content refers to video, audio, and other media content delivered over the internet rather than via a service provider's network. The consumer accesses this content via an internet connection independently of his or her contract with a network operator.

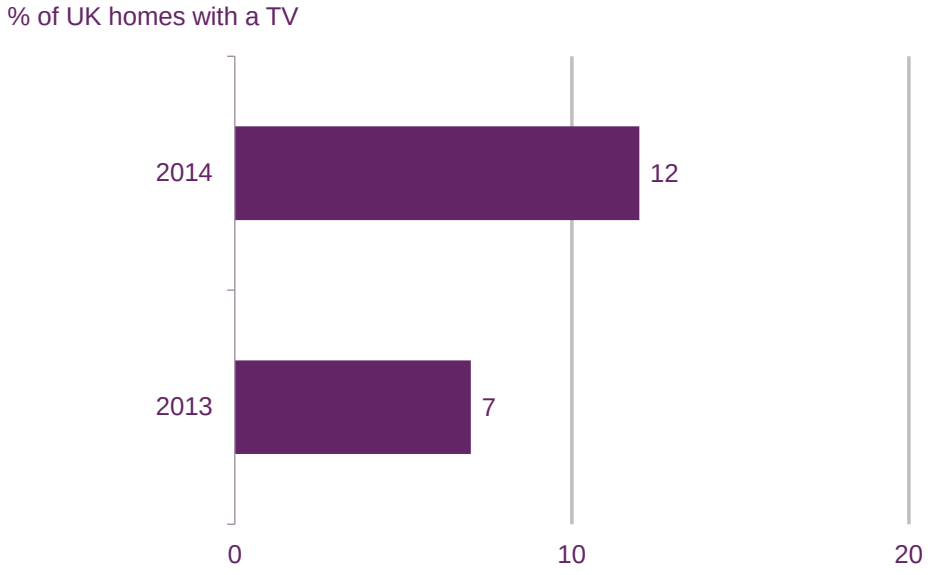
Twelve per cent of TV households had a smart TV in Q1 2014

Ofcom's Q1 2014 Technology Tracker indicates that take-up of smart TVs among UK homes with a TV stands at 12%, an increase of five percentage points (pp) since 2013.

Decipher has analysed set-top box numbers, and estimates that 9.9 million households in the UK (38% of total UK households) had an active internet-enabled set-top box in March 2014. This represents an increase of 11pp since 2013, when an estimated 7 million households owned an internet enabled set-top box.

In order to understand consumers' use of smart TVs, and how this compares to use of set-top boxes and other internet-connected TVs, Ofcom commissioned an online survey in April 2014. The findings are shown below, and where relevant, comparisons are made with a similar online survey undertaken in 2012.

Figure 2.5 Take-up of smart TVs among UK TV households

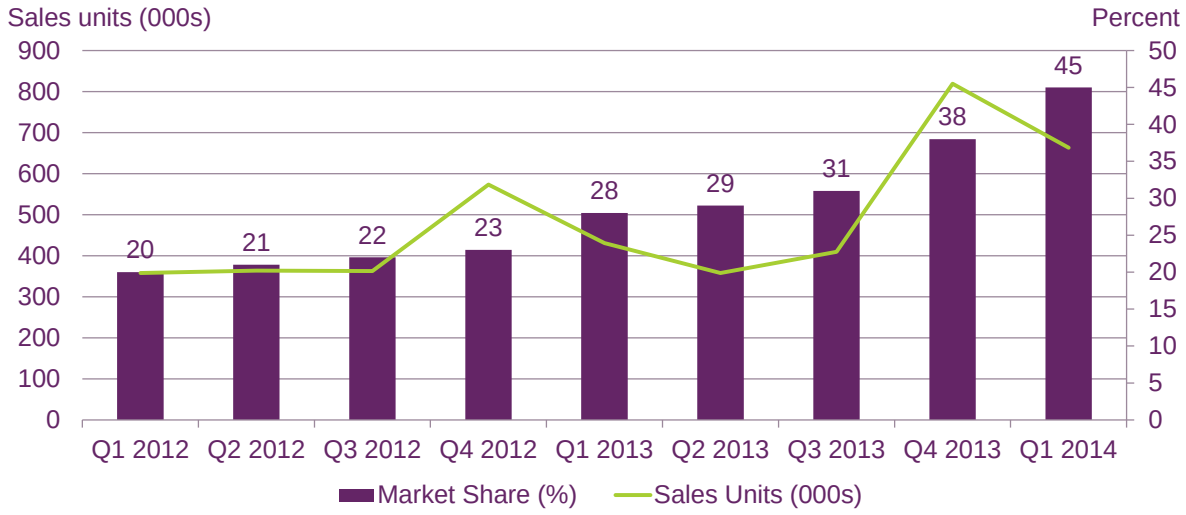


Source: Ofcom technology tracker. Data from Q1 of each year
Base: All adults aged 16+ with a TV in the household: 2014 (3635), 2013 (3661)

Smart TVs have increased their market share to 45% of all TV sales

Smart TV sales, as a proportion of all TV sales, have increased significantly in the past year. Sales units peaked at over 800,000 in Q4 2013 - the Christmas period, before dropping slightly to 663,000 in Q1 2014. The share of smart TV sales in the personal television market is 45%, representing a 60% increase year on year.

Figure 2.6 Smart TV sales and market share



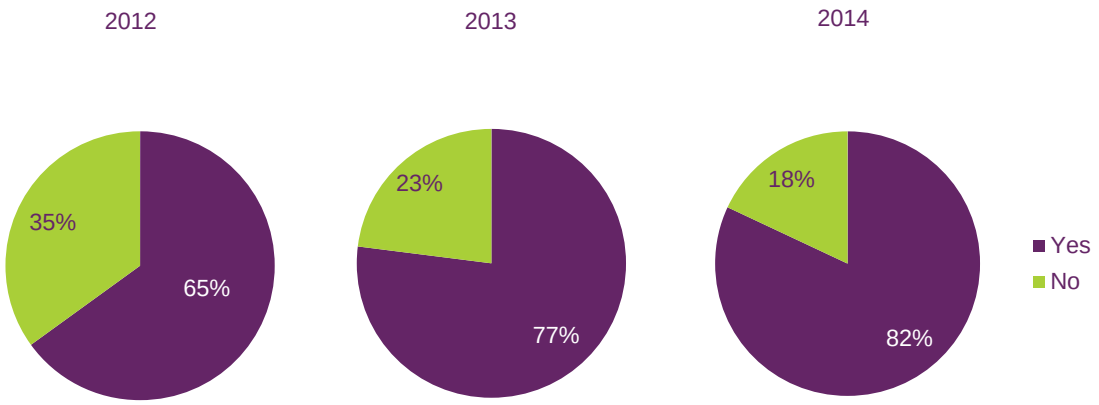
Source: GFK

Consumers are increasingly using the internet connection on their smart TV

In 2014 82% of smart TV owners used the internet connection on their TV. This is an increase of five percentage points since 2013, when 77% had their smart TV connected to the internet, and 17pp since 2012 when only 65% did so. One-third of the 18% who did not

use the inbuilt internet functionality of their smart TV in 2014 were connected instead through another device such as a games console or a set-top box.

Figure 2.7 Consumers' use of internet connection on smart TVs

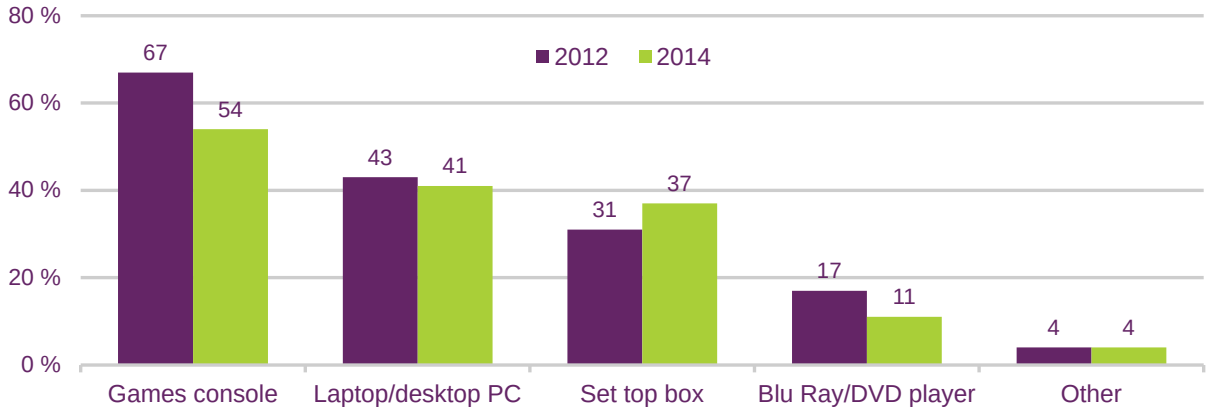


Source: Ofcom research, March 2014
Q.D7 Have you ever used the internet connection on your smart TV set?
Base: All respondents who own a smart TV 2014 (512), 2013 (670), 2012 (252)

Among non-smart TV owners, games consoles remain the most popular method to connect a TV to the internet, but connections through a set-top box have increased

Of those consumers surveyed who did not own a smart TV but did connect their TV to the internet, the most popular method was through a games console (54%). However, the proportion of respondents connecting this way has fallen by 13pp since 2012. The use of a set-top box to connect TVs to the internet increased by 6pp in the two years to March 2014, with 37% of consumers with an internet connected TV which was not a smart TV, now connected in this way.

Figure 2.8 Use of different devices to connect TV to the internet



Source: Ofcom research, March 2014
Q.S4. What type of device do you use your TV with, to view content from the internet?
Base: All respondents who don't own a smart TV but do connect their TV to the internet: 2012 (338), 2014 (510).

Smart TV owners carry out a wider range of activities using the internet functionality on their TVs than those with set-top boxes

Figure 2.9 shows the activities most commonly undertaken by adults using the internet connection on their TV set. Eight in ten (81%) of those with their TV connected by a set-top box watch TV programmes or films on a catch-up service (e.g. BBC iPlayer, ITV Player, 4OD, or Demand5), compared to 73% for smart TV owners, and seven in ten (72%) of those connected to the internet via other devices. This is the only activity outlined in Figure 2.9 in which set-top box owners show higher participation than smart TV owners or those with their TV connected through other devices. Those using a set-top box show consistently lower involvement in the wide range of online activities available on their television set.

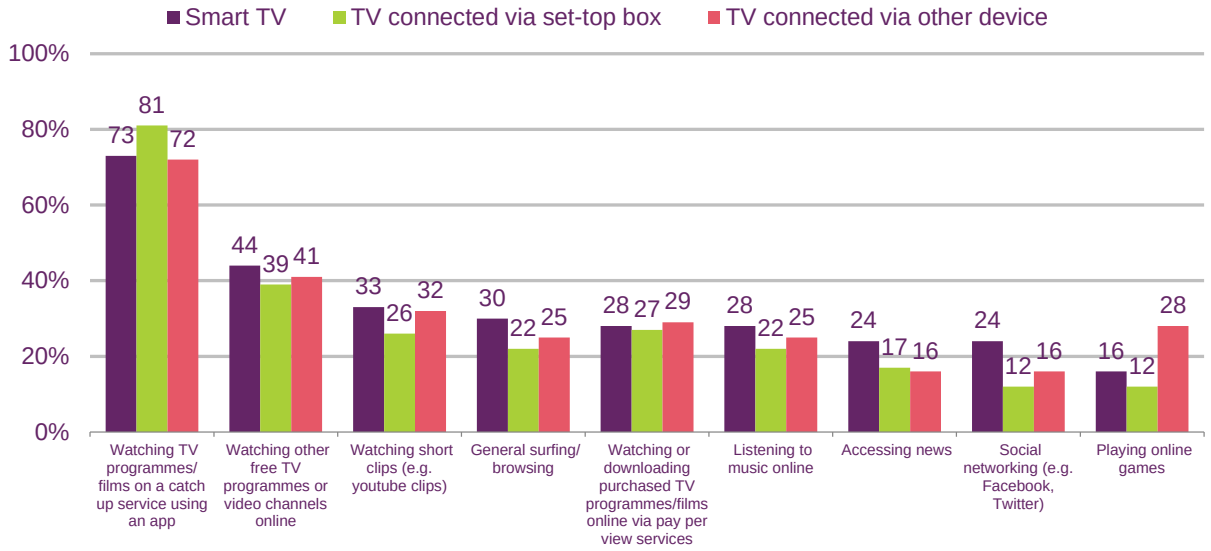
Common online activities carried out by smart TV owners are: watching short clips (33%), general surfing/browsing (30%), listening to music online (28%), accessing news (24%), and social networking (24%). Although the most popular use of the internet on a smart TV is as a gateway for watching online content, the wider range of internet activities undertaken, compared to set-top box users, suggests that those with a smart TV have a higher level of engagement with the internet functionality on their TV.

With the exception of the 28% who have their TV connected through another device and are playing online games (largely driven by those using a games console to connect their television set), Figure 2.9 shows similar patterns of online activity between smart TV owners and owners of 'other devices'. The main difference is between those accessing news through their TV sets, which is done by 24% of smart TV owners, compared to just 16% of users of 'other devices'.

Games consoles make a up a large proportion of 'other devices' and these are more often used than smart TVs by younger age groups (56% of 16-24 year olds use a games console, whereas 13% of 16-24 year olds have a smart TV in their household[22]). It is therefore possible that accessing news through the internet on a TV set is an activity more likely to be driven by older age groups.

[22] Ofcom Technology Tracker, Q1 2014.

Figure 2.9 Activities done using smart TV / internet-connected TV



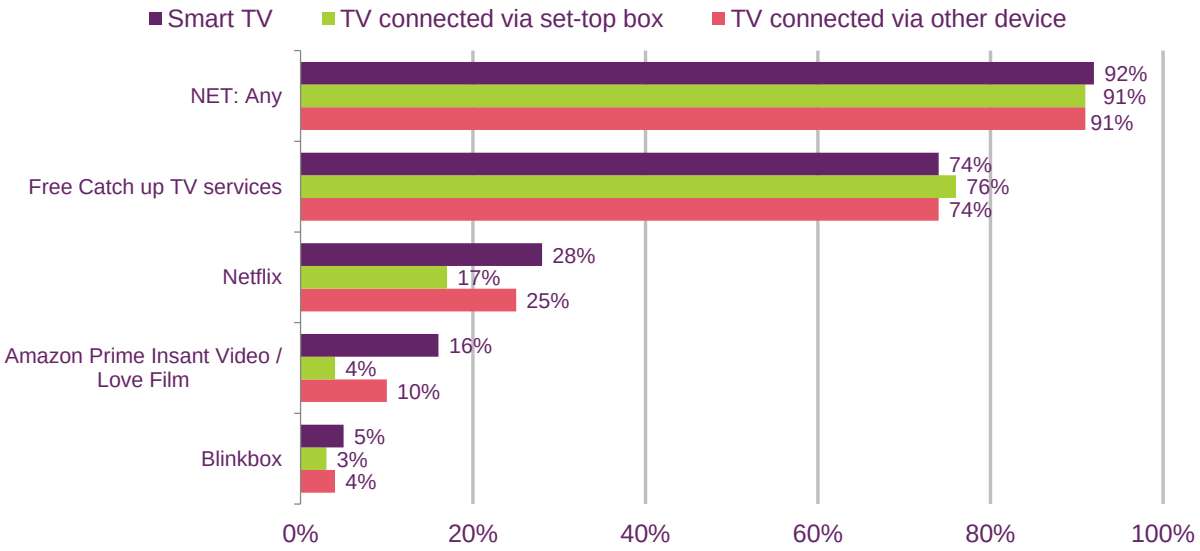
Source: Ofcom research, March 2014
Q.D8 What do you use the internet functionality on your TV for?
Q.E2 When you connect your TV to the internet, what do you tend to do online?
Base: All respondents with an internet connected TV: 2014 (513) smart TV (420)

Respondents were most likely to use the internet services on their TV to view free catch-up TV

Across smart TV owners, set-top box users, and those with their TV connected via another device, who used their device to view online content, the internet service used most in the past month was free catch-up TV. Seventy-four per cent of both smart TV and 'other device' users accessed content on a free online catch-up service, similar to the 76% of set-top box owners who did this.

Netflix access in the past month was most common among smart TV owners (28%), closely followed by owners of TVs connected via other devices (25%). In comparison, 17% of set-top box users had accessed Netflix in the past month. A similar pattern is evident for users of Amazon Prime Instant Video (formerly LoveFilm): 16% of smart TV owners had used the service, compared to 4% of set-top box owners. This suggests that over-the-top (OTT) content is more likely to be accessed by smart TV owners and 'other device' users, rather than set-top box owners. However, this difference in the amount of OTT content accessed is likely to be partly due to the distribution of such services, most are not currently available as applications on many of the most popular set-top boxes.

Figure 2.10 Audio-visual services used in the past month

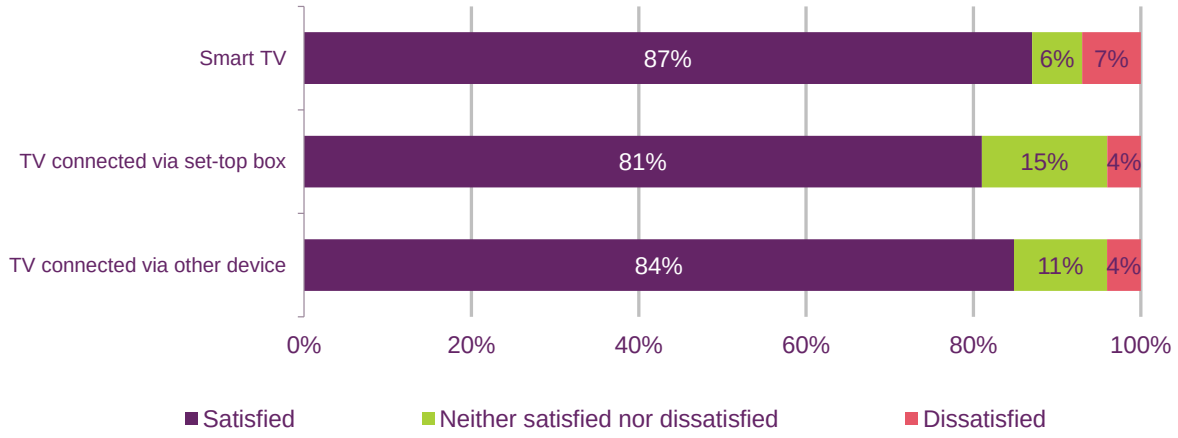


Source: Ofcom research, March 2014
QD10/ Q.E8a Which of the following internet services, if any, have you used in the past month on your TV/ smart TV?
Base: All respondents who watch content from the internet with an internet-connected TV: 2014 (442) / smart TV (344)

There is a high level of satisfaction among smart TV owners

Satisfaction with the overall experience of owning a smart TV was high, at 87%. This is 6pp higher than the 81% of set-top box owners who reported being satisfied with the overall experience of having their TV connected to the internet. However, smart TV owners also displayed the highest levels of dissatisfaction, at 7%, compared to just 4% of those who had other internet-enabled TVs. When asked more specifically about the experience of using the internet functionality on their smart TV, there was a lower satisfaction rate: 73%. This suggests that other aspects of the device, such as screen size, image and sound quality may have contributed to the high overall satisfaction.

Figure 2.11 Levels of satisfaction with smart TV/ internet-connected TV



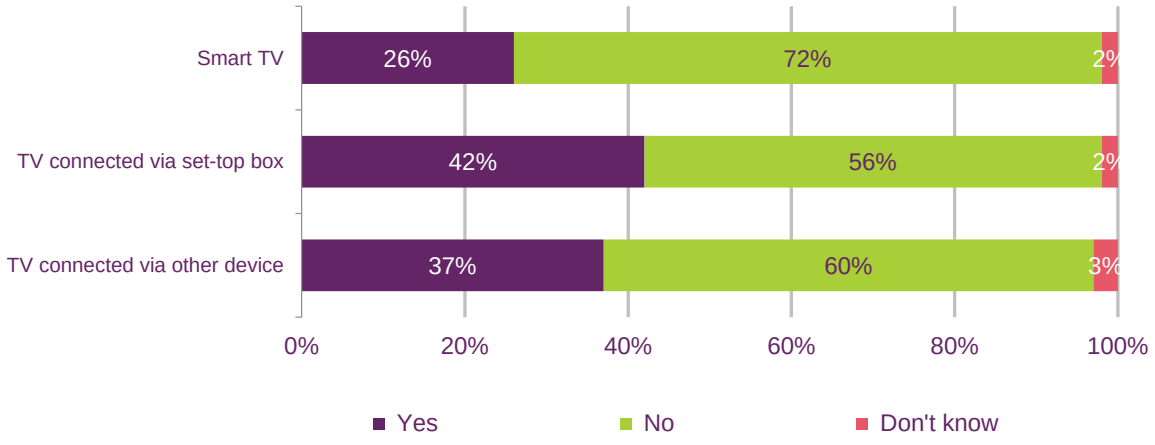
Source: Ofcom research, March 2014
Q.D2/ Q.E3 Taking all things into account, how satisfied or dissatisfied are you with the experience of connecting your TV to the internet? Q.D2. Taking all things into account, how satisfied or dissatisfied are you with your smart TV?
Base: All respondents with an internet-connected TV: 2014 (513), smart TV (512)

Set-top box users are more likely than smart TV owners to experience problems watching online content

Owners of smart TVs were less likely to have experienced problems watching online content than those watching via a set-top box (26% compared to 42%). The experience of owners of TVs connected through another device sits between the two; 37% had experienced problems.

One possible explanation for this could be the internet connection over which the data is travelling. If the internet capacity and broadband speed is better for a smart TV user, they are less likely to experience problems watching online content. As Figure 2.14 shows, smart TV owners were twice as likely to upgrade their broadband connection once they had connected their television to the internet.

Figure 2.12 Problems experienced while watching content using smart TV/ internet-connected TV



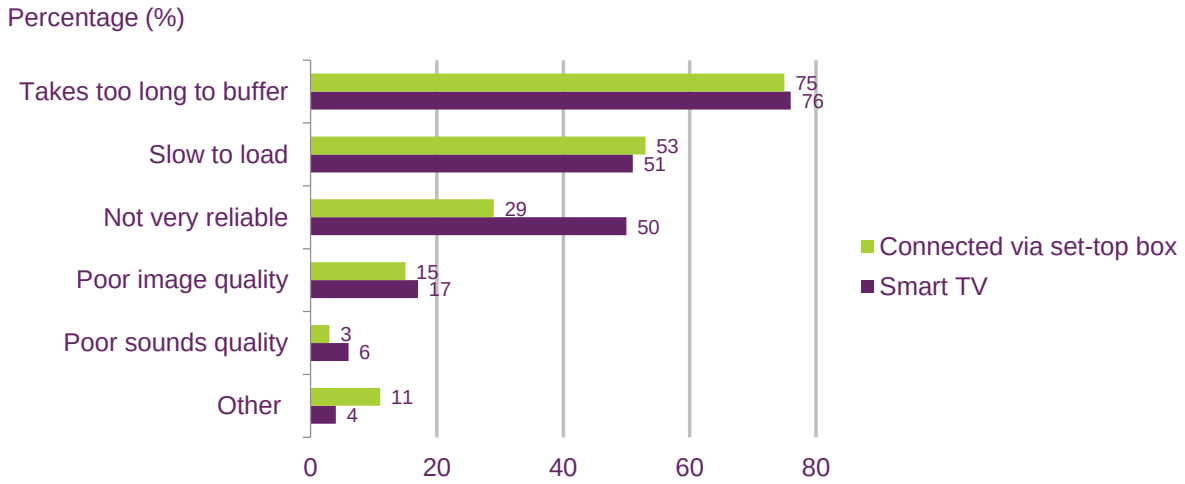
Source: Ofcom research, March 2014
Q.D9a Have you ever had any problems while trying to watch TV programmes or films from the internet on your smart TV?/ Q.E8b Have you ever had any problems while trying to watch TV programmes or films from the internet using your internet-connected TV?
Base: All respondents with an internet connected TV who watch content online (442) smart TV (344)

Smart TV owners were more likely than set-top box users to state 'unreliability' as a problem when watching online content

Fifty per cent of smart TV owners who had experienced problems while watching online content stated the reliability of their internet connection as a problem. This compares to 29% of set-top box owners who found their device 'not very reliable' when watching online content.

Taking too long to 'buffer' was the most common problem, stated by 76% of smart TV owners who had experienced problems, and by 75% of set-top box owners who had. Content that was 'slow to load' was the second most-cited problem by both sets of respondents. Poor image quality and poor sound quality did not rank particularly highly as a problem on either type of device.

Figure 2.13 Reasons for problems experienced while watching online content on a smart TV and a TV connected via a set-top box

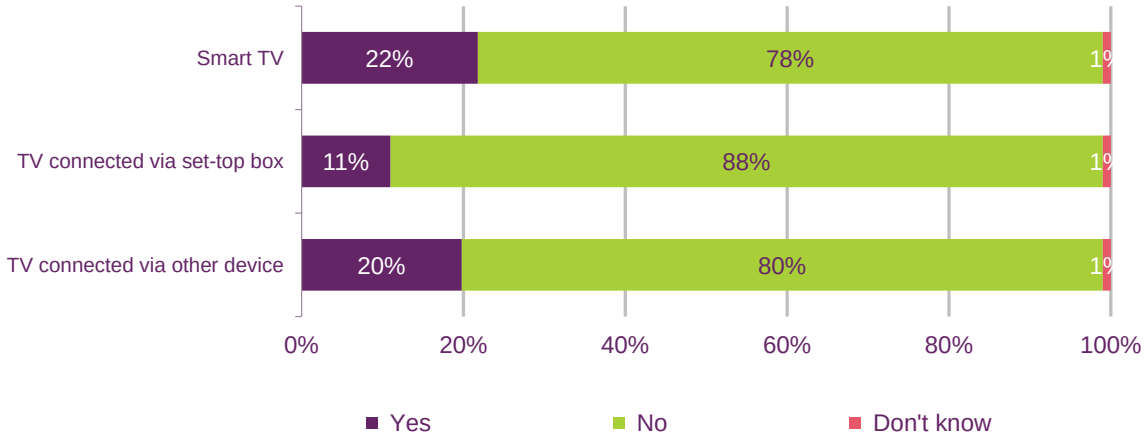


Source: Ofcom research, March 2014
Q.E8b Have you ever had any problems while trying to watch TV programmes or films from the internet using your internet connected TV? Which, if any, of the following problems have you experienced?
Base: All respondents with a set-top box who have experienced problems (72)
Q.D9a Have you ever had any problems while trying to watch TV programmes or films from the internet on your smart TV? Q.D9b Which, if any, of the following problems have you experienced?
Base: All respondents who watch content from the internet on their smart TV (344), who have had problems (90)

A smart TV owner is twice as likely as a set-top box owner to upgrade their broadband package

More than a fifth of smart TV owners (22%) have upgraded their broadband package since owning their TV, twice as many as set-top box owners (11%). This may in part explain why there was a higher number of set-top box owners who reported experiencing problems when using the internet connection on their TV set.

Figure 2.14 Changed broadband package since purchasing smart TV/ internet-connected TV



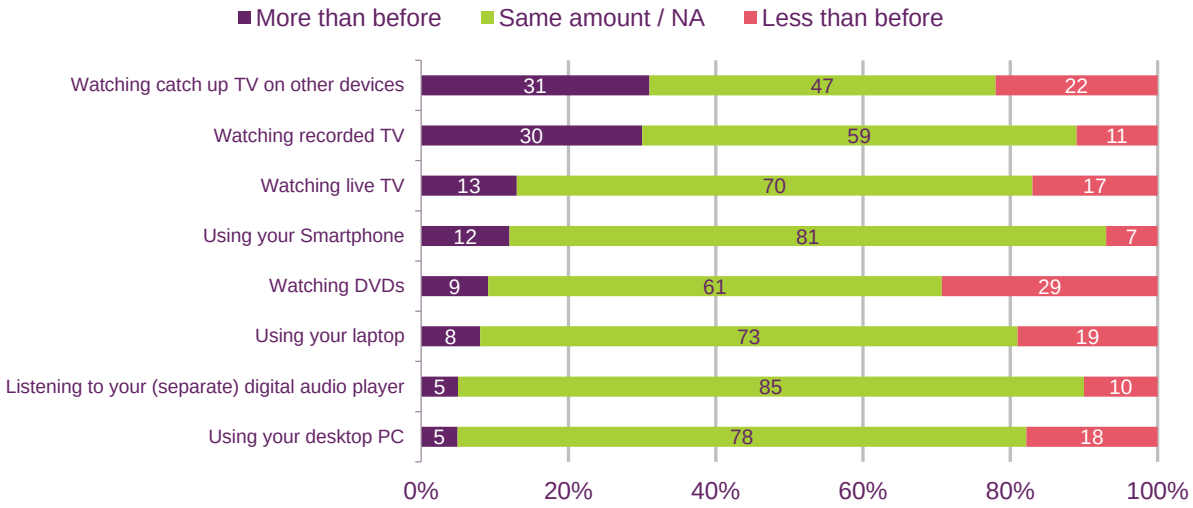
Source: Ofcom research, March 2014
D15a/ Q.E12a Have you changed your broadband package since connecting your TV to the internet?
Base: All respondents with an internet connected TV: 2014 (513), smart TV (512)

Smart TV owners are watching fewer DVDs, but more recorded TV

Smart TV owners have changed some of their viewing habits and digital activities since owning their TV set. Twenty-nine per cent have watched fewer DVDs, while 9% claim to have watched more. This is likely to be explained by the wider access to, and choice of online content, and access to films that can be viewed through the internet on a smart TV. We also found that 19% had used their laptops less, and 18% had used their desktop PC less.

Among smart TV owners 30% reported watching recorded TV more frequently since acquiring a smart TV. This was almost three times higher than those who claimed to have watched less recorded TV than before (11%). Using a smartphone and listening to a separate digital audio player were the activities least affected since taking ownership of a smart TV, with 81% and 85% respectively using these devices about the same amount as before they acquired a smart TV.

Figure 2.15 Change in frequency of activities since owning a smart TV



Source: Ofcom research, March 2014
Q.D13 Since owning your smart TV have you done each of the following more or less than before?
Base: All respondents who own a smart TV: 2013 (670), 2014 (512)

2.1.4 Changes in the video-on-demand landscape

In recent years there has been a considerable increase in the take up of video-on-demand (VOD) devices, along with an increase in the variety of VOD services and apps available in the UK, making VOD readily available, both online and via the TV screen. Investment in rights and commissioning has increased and a greater amount of content (both free and paid-for) is now available to stream or download.

Take-up of VOD-capable devices has grown rapidly in the last three years

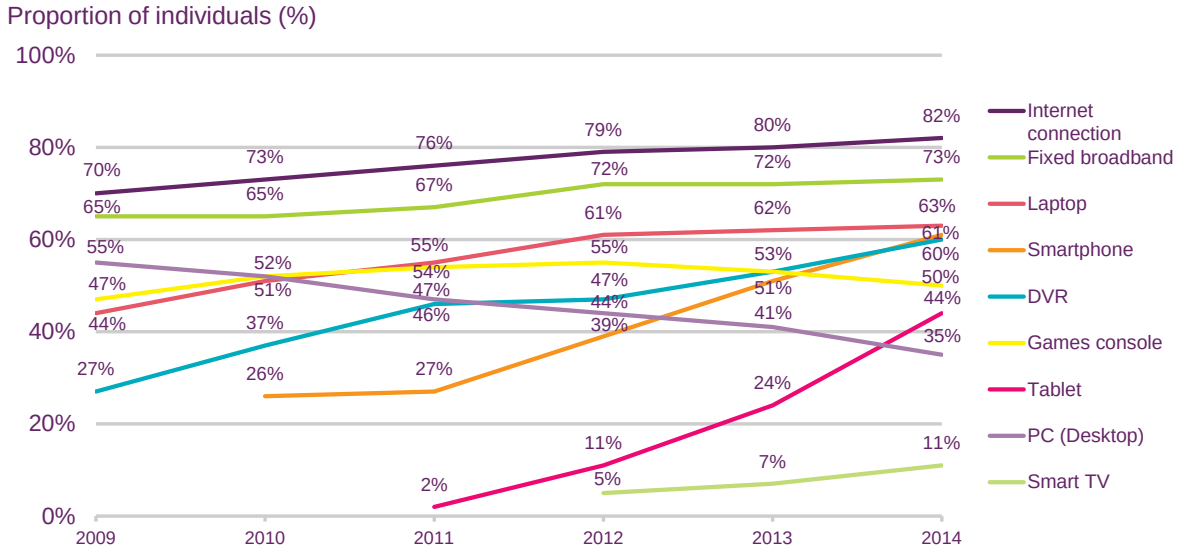
According to our Technology Tracker, laptops continue to be the most popular VOD-enabled device among the UK population, with 63% of respondents claiming to own one.

Since we began tracking tablet take-up in 2011 we have seen rapid growth, rising to 44% of respondents this year. Ownership of smartphones has increased by 34 percentage points over the same period, reaching 61% in 2014. Rapid growth from an already high base is in part due to the nature of the replacement cycle, as handsets are often replaced by later models at the time of contract renewal.

There has also been a notable increase in take-up of DVRs since 2012, increasing by 13 percentage points to reach 60% by 2014. BT- and TalkTalk-subsidised YouView boxes may be responsible for some of the renewed growth here. Smart TV take-up has grown steadily since 2012; increasing from 5% to 11% in two years.

Only games consoles and desktop computers have seen decreases in take-up over time. Take-up of games consoles began to decline in 2012, decreasing by five percentage points to 50% in 2014. Desktop computer take-up has been in decline since 2009 when the figure stood at 55%; this has since reduced by 20 percentage points, to 35% in 2014.

Figure 2.16 Take-up of VOD-related devices and technologies



Source: Ofcom Technology Tracker. Data from Q1 of each year
Base: All adults aged 16+ (2014 n=3740).
Notes: Fixed broadband = ADSL through a phone line or cable service, perhaps using a WiFi router. Includes superfast broadband services. Home internet access = connection to the internet through ordinary phone line; fixed broadband; mobile broadband such as USB stick, dongle or built-in connectivity through a SIM card; internet access through mobile phone or smartphone (WiFi or mobile network); tethering or MiFi mobile broadband wireless router (taps into a 3G or 4G mobile network within range of the signal.

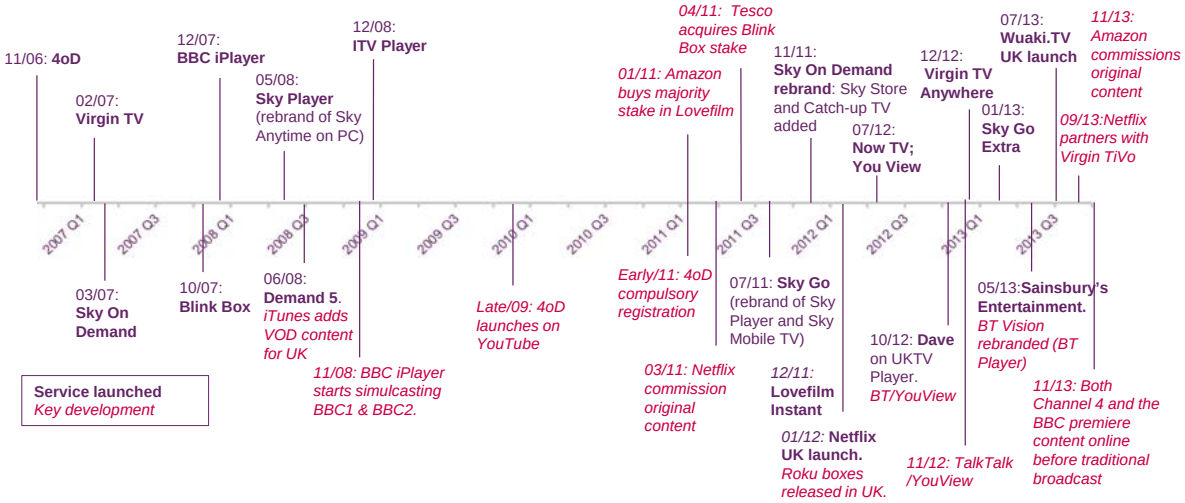
Roll-out of video-on-demand services has accelerated in recent years

Over the past seven years the UK has seen the launch of VOD services from each of the PSBs, from TV platform operators, and from other non-broadcasters such as supermarkets and international content providers. Figure 2.17 highlights some of these key developments and major service launches in recent years. It is interesting to note the increase in activity since 2010.

The business models supporting VOD services have also diversified, offering consumers a range of ways to access content. As the proliferation of services and devices has increased, it has become increasingly challenging to measure what, and how much, people watch. Industry bodies and VOD providers themselves are in the process of adapting to a multi-device, multi-platform, non-linear world.

The selected service developments shown in Figure 2.17 represent only part of the story. There are many other services and devices available, which are used to consume online audio-visual content.

Figure 2.17 Selected video-on-demand service developments



Source: Ofcom desk research

Key market developments in video-on-demand

In the second half of 2013 both **BT and TalkTalk** expanded their VOD and catch-up services by offering **YouView** set-top boxes as part of their subscription bundles, which resulted in significant subscription growth for both companies[23]. This box offers access to selected catch-up viewing provided by the four public service broadcasters, via BBC iPlayer, ITV Player, 4OD and Demand 5. The PSBs have recently scaled back their investment in YouView (although they remain shareholders in the service). Recent announcements indicate that the BBC, ITV and Channel 4 have agreed a deal to launch a new free service for internet-connected TV sets, named **Freeview Connect**.

In July 2013 **Sky** released the **Now TV** box. This pay-as-you-go service allows access to Sky content for non-subscribers and includes Sports, Movies and Entertainment passes. It also provides catch-up from all the PSBs with the exception of ITV, although future plans to launch ITV Player on the Now TV box were announced by ITV earlier in 2014.

In September 2013 **Virgin Media** became the first pay-TV provider to strike a deal with a subscription video-on-demand provider when it added a **Netflix** app to its TiVo box capabilities.

Netflix has been aiming to drive subscriptions by gaining exclusive streaming rights to popular TV series such as *Breaking Bad* as well as investing in original content. On the back of the success it had commissioning a remake of *House of Cards,* a second series was released in February 2014. In both cases Netflix has made the entire series available on the day of launch, allowing subscribers to watch multiple episodes back to back. Netflix has announced plans to increase its original content spend in 2014 and has recently announced plans to invest in a new UK-produced original series about the life of Queen Elizabeth II: *The Crown*.

In February 2014 **Amazon** folded *LoveFilm Instant* into its UK retail website, and re-named the service *Amazon Prime Instant Video*. At the same time it announced plans to commission a third series of *Ripper Street*; the previous two series had been commissioned by the BBC and this was both the first example of an online VOD provider commissioning

[23] http://www.talktalkgroup.com/investors/results-centre/
http://www.btplc.com/Sharesandperformance/Quarterlyresults/Quarterlyresults.htm

UK-originated content, and the first time UK content has moved from a traditional broadcaster to an online-only service.

In the second half of 2013 both the **BBC** and **Channel 4** premiered content online ahead of scheduled television broadcast. Channel 4 made this move in October when it opted to premiere the first episode of the new series of sitcom *Fresh Meat* on 4oD one week before its TV broadcast. Each further episode was then made available to registered 4oD users a week ahead of broadcast. In November, the BBC premiered drama series *Moving On* on iPlayer, making all five episodes of the series available at once, one week ahead of its first broadcast on BBC One.

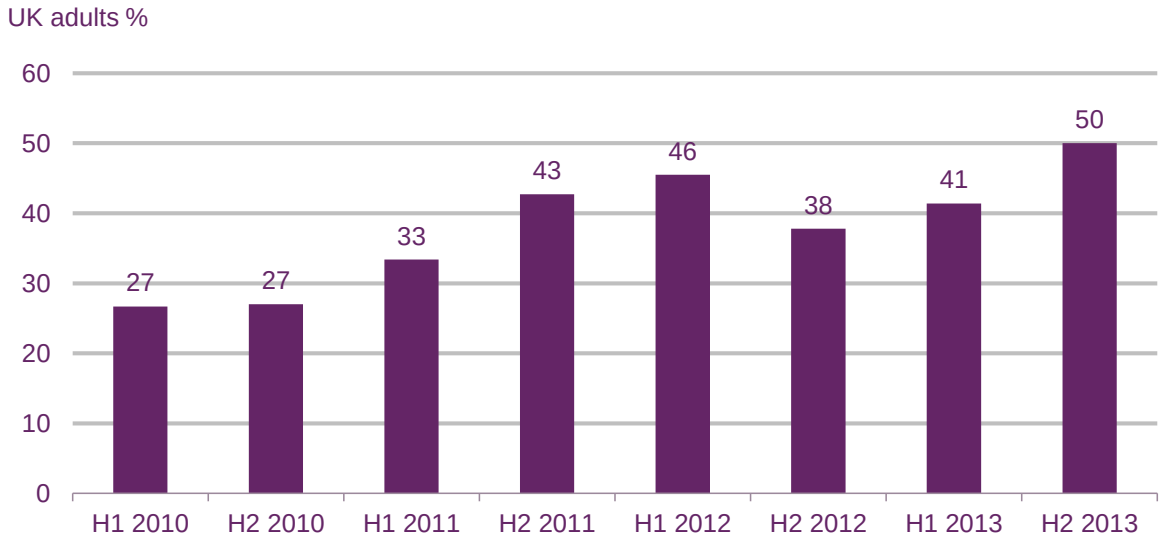
There were also new players emerging in the UK VOD market in 2013, as Spanish on-demand provider **Wuaki.tv** was launched in the UK. Wuaki offers a library of content with a subscription package in addition to rental and purchasing options.

Finally, new devices such as **Google's Chromecast** have also been developed and are now available in the UK market. The 7cm dongle enables users to stream content from VOD providers' apps to their television sets.

Half of all UK adults now use video-on-demand services

In the last survey for which data are available, 50% of UK adults claimed to have used a VOD service within the previous 12 months. Take-up has increased 23 percentage points in the three years to H2 2013.

Figure 2.18 Use of VOD services in the past 12 months



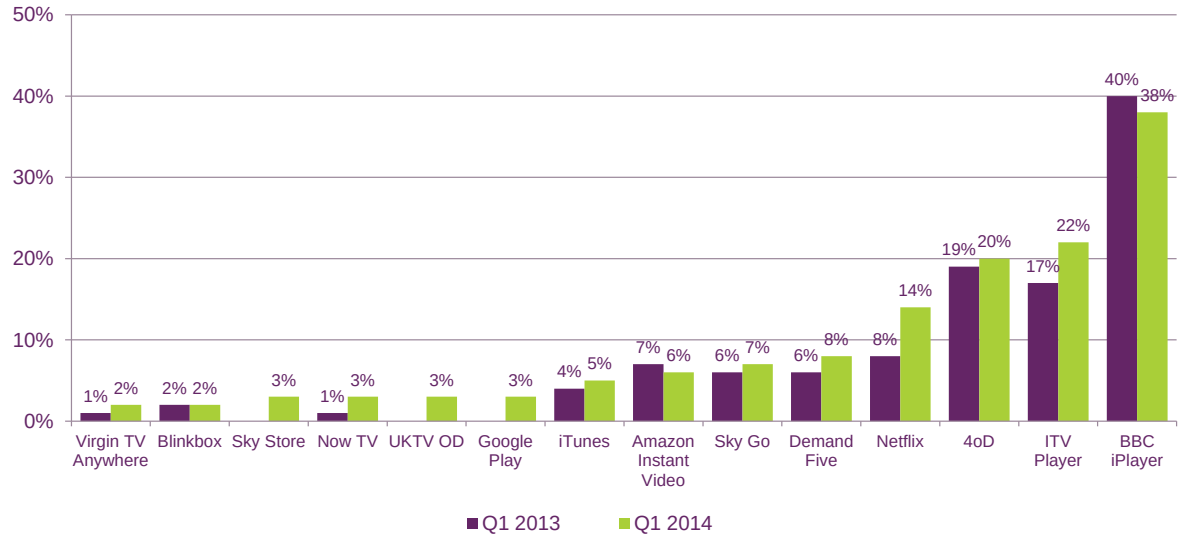
Source: Target Group Index (TGI), Kantar Media UK 2014.
Base: UK adults 15+. H1 2010 n=12226, H2 2010 n=11794, H1 2011 n=12602, H2 2011 n=12915, H1 2012 n=11098, H2 2012 n=12495, H1 2013 n=11853, H2 2013 n=12570

Claimed use of Netflix is growing more quickly than any other VOD service, but still remains lower than the services provided by the BBC, Channel 4 and ITV

Claimed use of nearly all of the selected VOD services shown in Figure 2.19 increased in 2014. Netflix had the largest increase in Q1 2014 among the online respondents in this survey, with a six percentage point increase, making it the most popular VOD service outside those provided by Public Service Broadcasters.

BBC iPlayer remains the most popular VOD service overall, with 38% of respondents claiming to use it in Q1 2014. This is almost double the claimed use of the next two most popular VOD services, ITV Player (22%) and 4oD (20%).

Figure 2.19 Claimed use of selected online VOD services in the past month

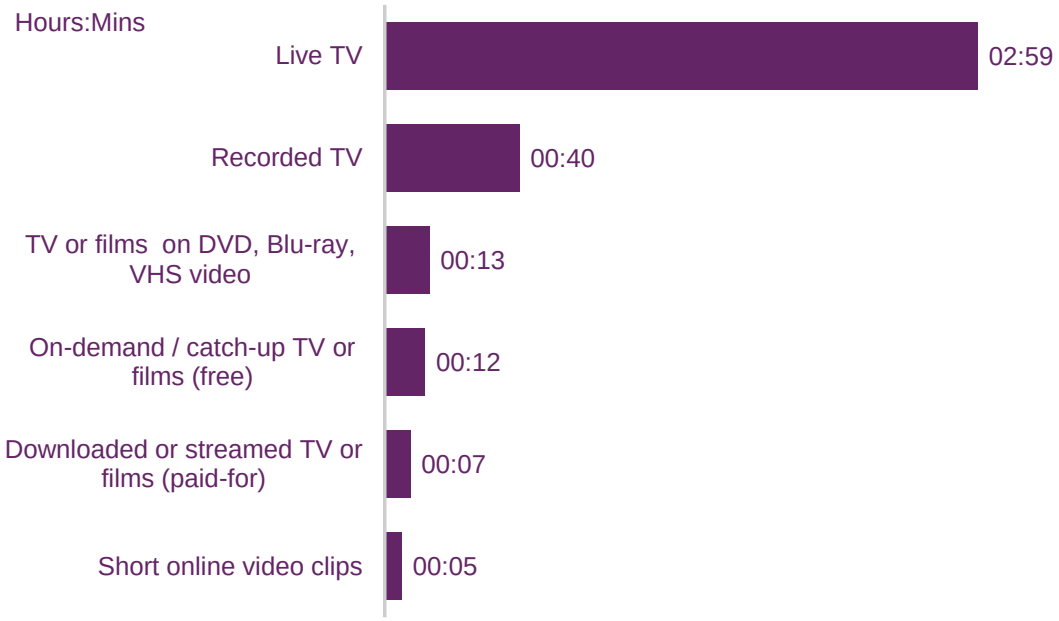


Source: Decipher mediabug - Wave 4 report. Base: UK online population 16+. March 2014 (n=3017). Note: UKTV OD includes Dave, Really and Yesterday on demand. LoveFilm Instant was rebranded to Amazon Instant Video in February 2014.

The amount of time spent watching catch-up, free and paid VOD services accounts for 8% of all viewing time among UK adults

Although the VOD market is expanding, it is still a small part of the UK's viewing. Results from Ofcom's Digital Day diary research showed that adults watched an average of 2 hours 59 minutes of live TV per day, equating to 69% of all their media viewing time. The next most popular viewing activity, recorded TV, accounted for 40 minutes (16%). The research also showed that, on average, people spent about the same amount of time watching TV or films on DVD, Blu-ray or VHS video (physical media) as they did watching free on-demand/catch-up TV (12 minutes, or 5% of all viewing time, each). Paid-for, downloaded or streamed TV or films accounted for 7 minutes (3%). Added together, free and paid on-demand and streamed content accounted for 8% of all viewing time across all devices.

Figure 2.20 Average time spent on selected watched activities per day



Source: Digital Day 7-day diary, April 2014. Base: All adults aged 16+ (1644)
Note: Average time is calculated as all time recorded doing an activity divided by all participants in the survey

VOD content is watched on TV more than any other screen

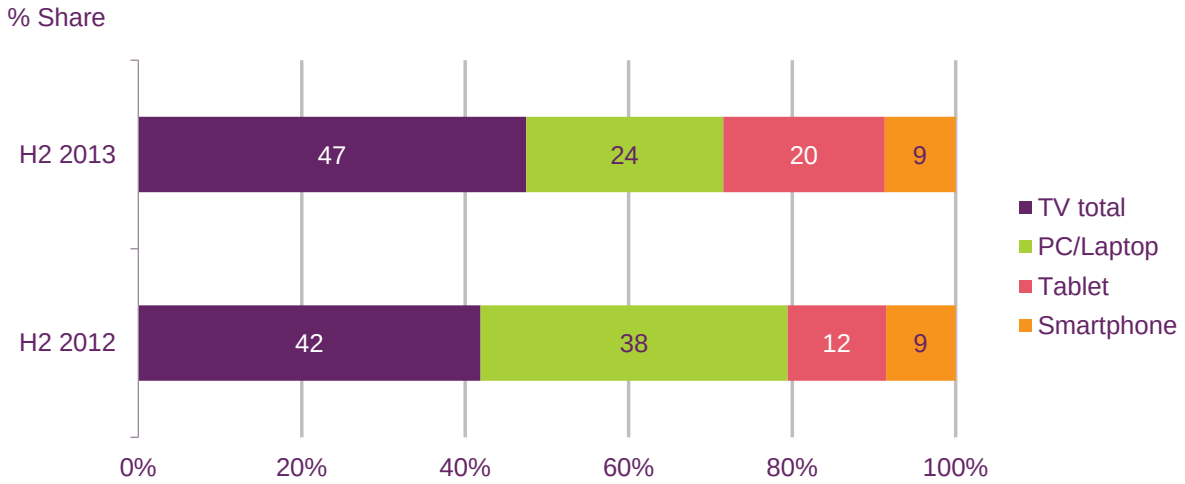
Overall, unique programme requests for long-form VOD (programmes rather than short clips) are estimated to have risen by 38%[24] between the second half of 2012 and the second half of 2013. However, within this total the balance of delivery between different devices has changed.

The rise in ownership of smartphones and tablets, (See Figure 4.23) together with the development of apps to allow users to access VOD services, has led to a significant rise in levels of access to TV programmes on these portable devices. Third-party estimates (Figure 2.21) indicate that the combined share of 'long form' VOD viewing accounted for by smartphones and tablets (29%) is now greater than that of PCs / laptops (24%).

However, viewing via the TV screen remains the most popular method of accessing 'long form' VOD, with an estimated 47% share of viewing. As people are now connecting their televisions to the internet via set-top boxes, inbuilt internet functionality or via other devices, demand for TV VOD increases.

[24] Source: 3Reasons LLP. Viewing defined to include all legal long-form video content accessed and then viewed on a TV (incl. games console), PC/laptop, tablet and smartphone. Key exclusions are viewing of VOD downloads (DTO or DTR (e.g. iTunes)), pornography, piracy content, push-VOD, online video commercials, DVDs and VHS videos (either owned or rented).

Figure 2.21 Estimated share of the UK long-form 'pull' VOD market, by device (programmes/films, not short clips or videos)



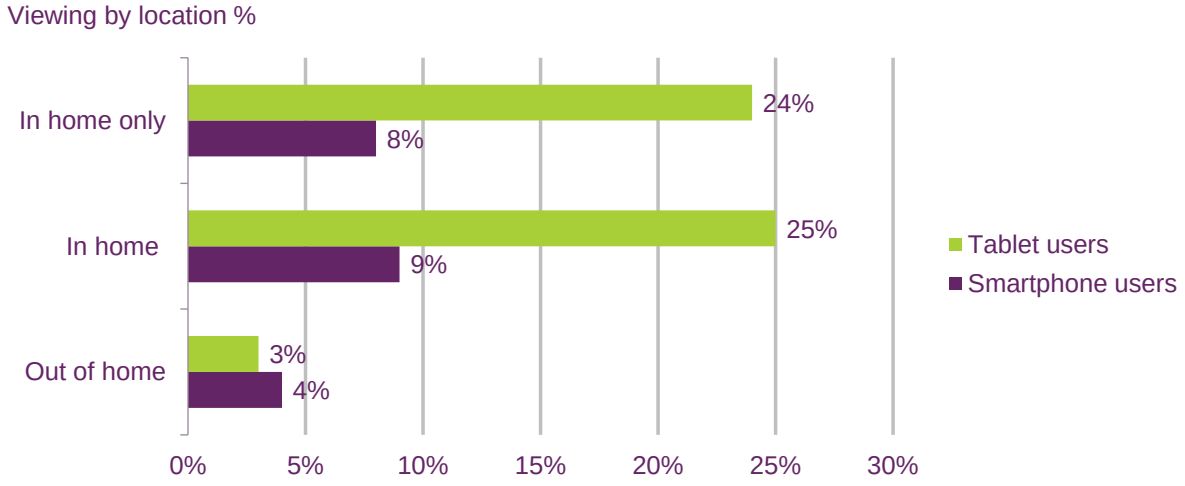
Source: 3Reasons LLP. Estimates are based on the number of initiated long-form content streams delivered lawfully, from a range of sources including press disclosures and published company results. Note: Pull VOD is a form of video on-demand distribution where content is delivered online at a user's request. Total TV includes VOD via set-top box, internet-enabled sets and TVs connected by games consoles.

Smartphones are more likely than tablets to be used for viewing content outside the home

We look now at video content; clips, programmes and films, viewed through a tablet or smartphone (Figure 2.22). Although only a small percentage of users do this, those that do are slightly more likely to use smartphones than tablets when away from home, and more likely to use tablets when inside the home.

Four per cent of all smartphone users claim to view video content on their smartphone when they are out of the home, compared to 3% of all tablet users. One in four tablet users (25%) use their tablet for viewing content in the home, compared to 9% of smartphone users.

Figure 2.22 Claimed consumption of AV content in the past week, by location



Source: Digital Day 7-day diary
Base: Tablet users (647) smartphone users (1060) aged 16+. Q1 2014

Downloading content to mobile devices to view offline

Recent developments in broadcasters' app technology allow the user to download content to view offline.

In September 2013 the Android version of the **BBC** iPlayer was upgraded to allow the downloading of television programmes for offline viewing. The same feature was launched on the iOS version in late 2012.

Channel 4's 4oD catch-up service also added this functionality for selected programmes via both its iOS and Android apps in July 2013. **Sky** has also been offering this as part of its premium *Sky Go Extra* service since early 2013.

This development gives consumers more options as to when and how they view content. For example, content can now be downloaded to view when people travel abroad without incurring data roaming costs, or where internet connections may be unavailable, insufficient or intermittent, such as while travelling. These developments could contribute to an increase in the amount of AV content consumed via mobile devices and make the task of measuring use more complex.

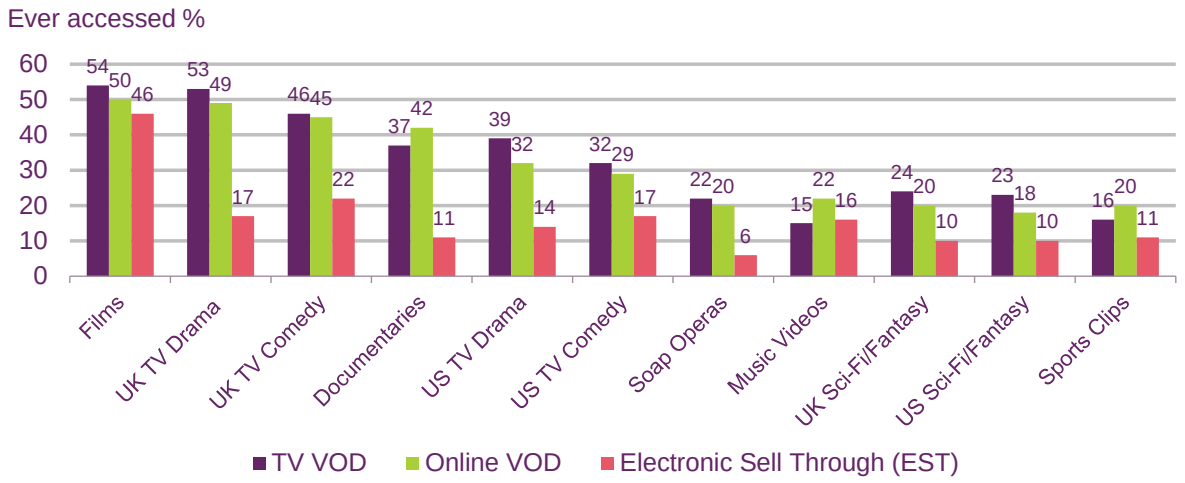
Films and UK drama are the most popular genres viewed via VOD

According to consumer research from Decipher, the most popular genres accessed via TV VOD[25] and online VOD[26] in the past month are films and UK drama, followed by UK TV comedy and documentaries. A higher percentage of online VOD users than TV VOD users had watched documentaries (42% vs. 37%).

In terms of 'electronic sell-through' (EST[27]), films are the most likely genre to be purchased and a copy permanently kept, with 46% of people who have used EST claiming to have purchased a film.

[25] VOD content accessed from a TV set-top box includes all catch-up, on-demand and pay-per-view content accessed from a TV set-top box.
[26] Includes all VOD content accessed from any device except a TV set-top box.
[27] *EST (electronic sell-through) is content that is purchased and a copy permanently kept.

Figure 2.23 TV and online VOD, and videos purchased online (EST*): claimed use, by genre



*Source: Mediabug Tracker, Decipher, March 2014. UK online population 16+. *EST (electronic sell-through) is content that is purchased and a copy permanently kept: not rented. TV VOD base: Ever used TV VOD (1122), Online VOD base: Ever used any online VOD services (2148) EST base: Ever used any EST services (914)*

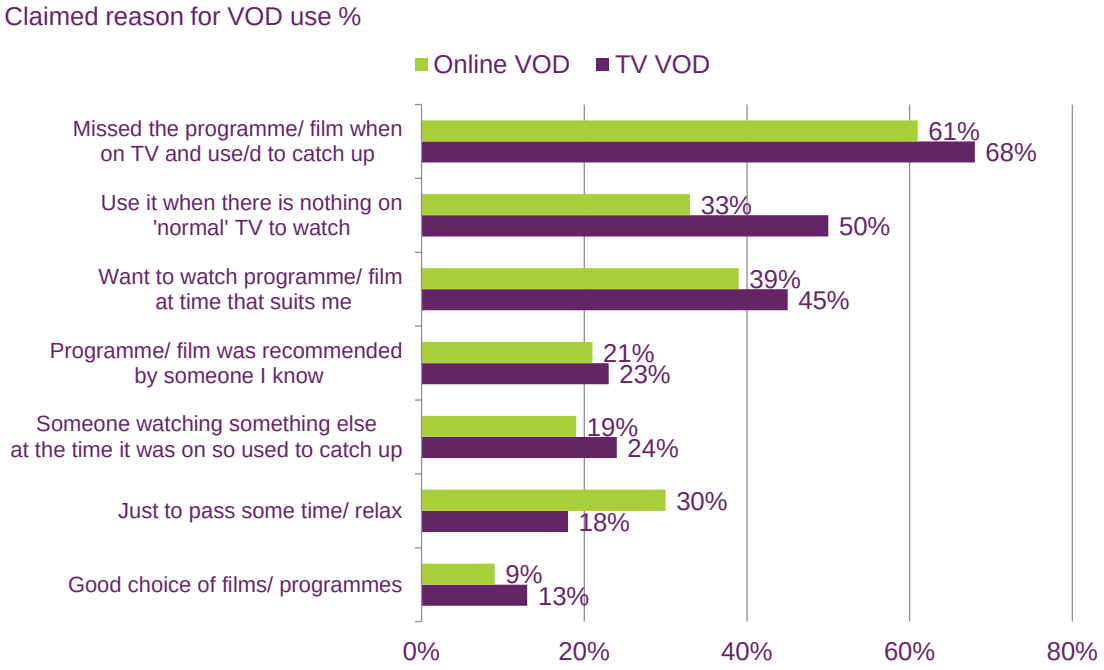
The main reason for using TV and online VOD services is to catch up on missed programmes or films

Wanting to "catch up on a missed programme or film" is the most-cited reason for both TV VOD[28] (68%) and online VOD[29] (61%) use. The next most common reasons given for using TV VOD are "when there is nothing to watch on scheduled TV" (50%) and "want to watch a programme or film at a time that suits me" (45%).

For online VOD users the second most-mentioned reason is to "watch a programme or film at a time that suits me" (39%). Around a third of online VOD users claim to use available services when there is 'nothing on TV', which is a similar level to those who claim to use online VOD "just to pass the time/relax" (30%), and compares to just 18% claiming that reason for using TV VOD. Less than one in ten users of online VOD said they used the service because they thought it had a good choice of films or TV programmes.

[28] VOD content accessed via Virgin, Sky or Digital TV via a broadband line (e.g. BT Vision or TalkTalk TV).
[29] VOD content accessed through a website via any connected device.

Figure 2.24 Reason for video-on-demand use: TV vs. online



Source: Ofcom Media Tracker 2013. Base: UK adults aged 16+. All who use online video on demand (829), all who use TV video on demand (652). All responses unprompted.

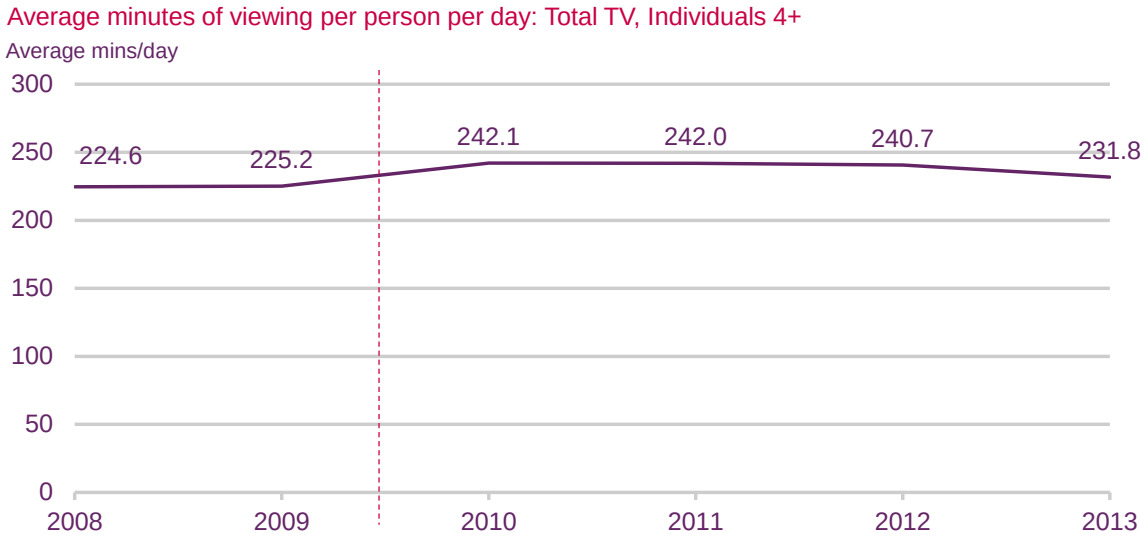
2.1.5 The recent decline in TV set viewing

Average daily minutes of viewing via the TV set fell in 2013

The average TV individual in the UK watched 3 hours 52 minutes of broadcast TV a day in 2013[30]; nine minutes less per day than in 2012 (Figure 2.25). This is the most significant fall in the last four years for average daily viewing via the TV set, having held steady at the four-hours-a-day mark since 2010.

[30] When analysing BARB data we refer to viewing of live broadcast, recorded broadcast and broadcaster provided catch up services only, for all individuals aged 4 and above.

Figure 2.25 Average minutes per person per day watching TV set

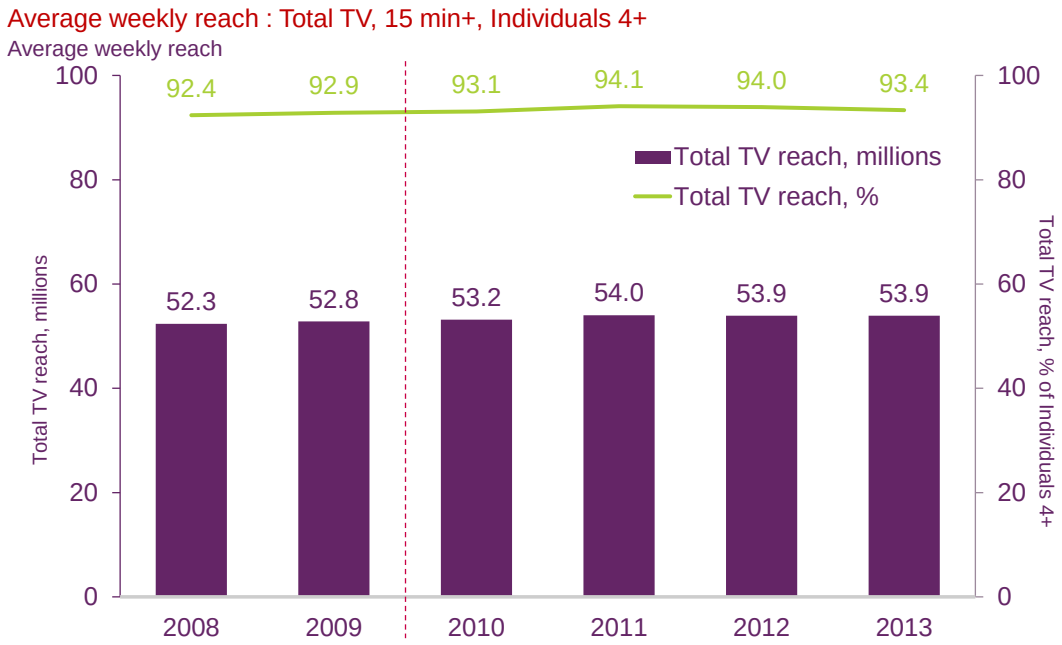


Source: BARB, Network. Note: New BARB panel introduced 1 Jan 2010. As a result pre- and post-panel change data must be treated with caution (see dotted line).

The volume of people who watch TV in an average week is stable

Although the proportion of individuals who watched TV in an average week dipped by 0.6 percentage points between 2012 and 2013, in absolute terms, the number of viewers tuning in stayed the same (53.9 million individuals in 2012 and 2013). This, combined with the above analysis, suggests that while the number of viewers has been maintained, they are watching less TV overall.

Figure 2.26 Average weekly reach of total TV

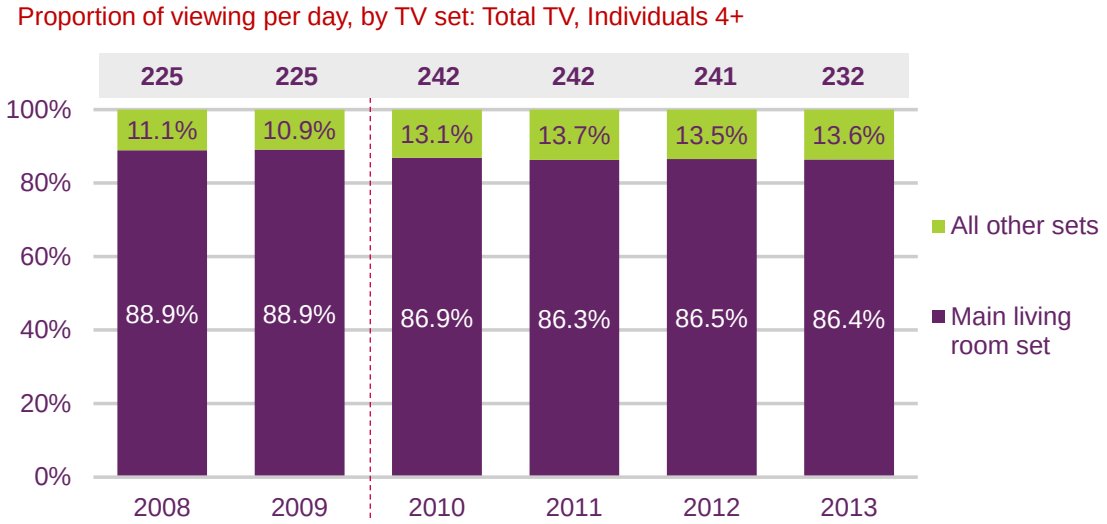


Source: BARB, Network, Individuals 4+. Reach criteria = 15 consecutive minutes of viewing at least once in the average week. Full weeks used. Note: New BARB panel introduced 1st Jan 2010. As a result, pre- and post-panel change data must be treated with caution (see dotted line).

Almost all the decline related to the main living room TV set

With digital switchover completed in 2012, we examined whether some of this decline might be attributed to a loss in viewing via secondary sets. Perhaps consumers were choosing not to upgrade TV sets, in bedrooms or kitchens to receive digital TV. Figure 2.27 shows that almost all the nine-minute decline (8 minutes) in daily viewing was lost through the main TV set.

Figure 2.27 Proportion of daily viewing minutes by TV set location

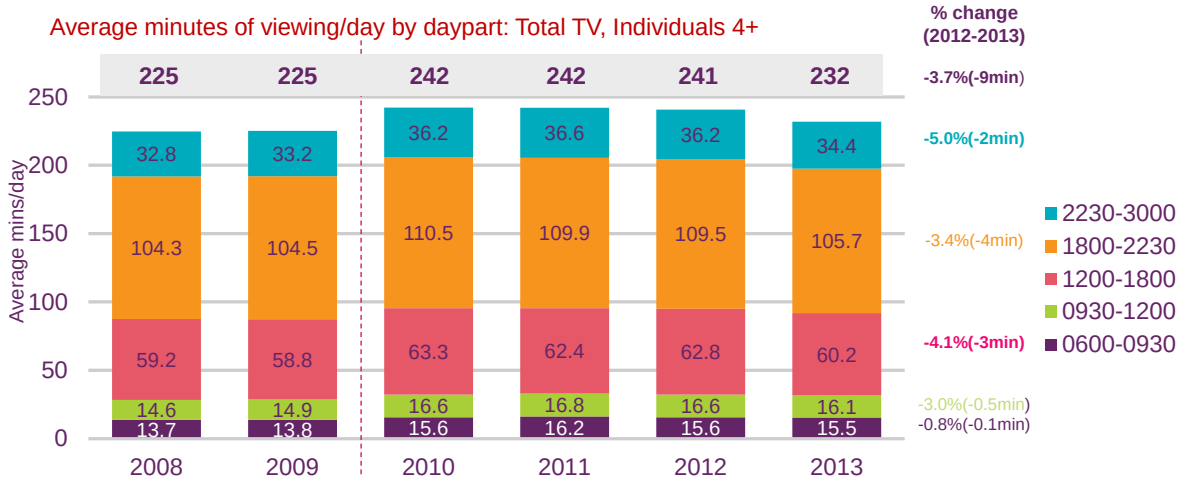


Source: BARB, Network, Individuals 4+. Some variation in figures is due to rounding. Note: New BARB panel introduced 1 Jan 2010. As a result pre- and post-panel change data must be treated with caution (see dotted line).

The fall in viewing was across all dayparts, to varying degrees

The decline in viewing between 2012 and 2013 varied by time of day (Figure 2.28). In volume terms, the 1800-2230 peak-time slot saw the greatest decline, falling by four minutes year on year. A further three minutes of viewing was lost in the 1200-1800 daytime slot; two minutes in the late night slot with the remainder of the loss in the breakfast and mid-morning slots. In percentage terms the greatest year-on-year decrease was in the night-time slot.

Figure 2.28 Average daily minutes of viewing, by daypart



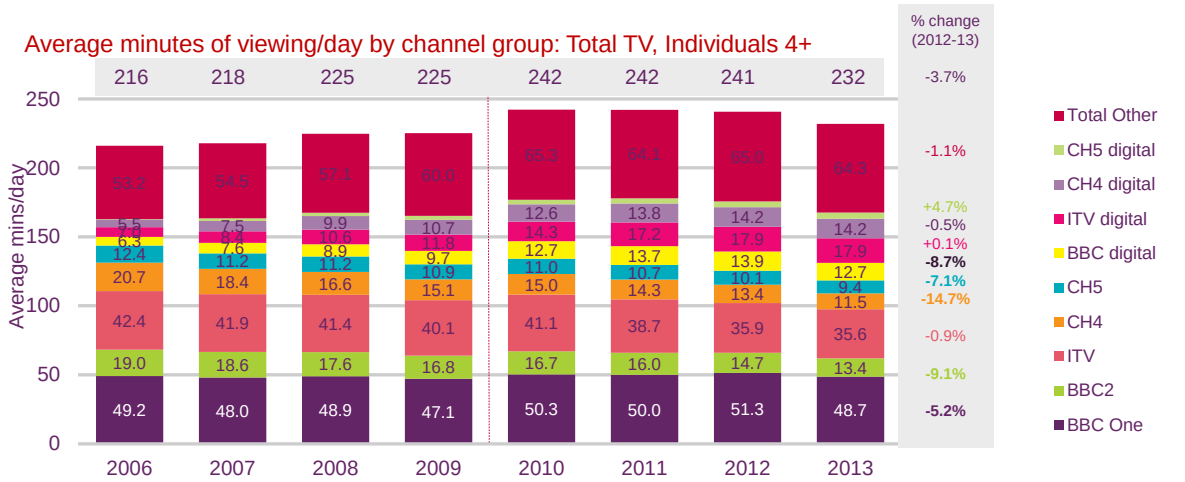
Source: BARB, Network. Note: New BARB panel introduced 1 Jan 2010. As a result pre- and post-panel change data must be treated with caution (see dotted line).

BBC One and Channel 4 experienced the largest decline in minutes

In terms of viewing minutes by channel, the 2012 Olympics and Paralympics broadcasters, BBC One and Channel 4, accounted for five minutes of the overall nine-minute-per-day decline (Figure 2.29). BBC One experienced the greatest drop in volume (-2.7mins) while Channel 4 had the larger percentage reduction (-14.7%). This may suggest that the Olympic Games bolstered viewing to these channels in 2012, making any falls in viewing larger than might have otherwise occurred.

This effect can be seen in the BBC portfolio channels, which broadcasted coverage of the Olympic Games on BBC Three and on 26 dedicated Olympics channels or other red-button services. The daily minutes on the portfolio of channels channel fell by 1.2 minutes in 2013, while viewing minutes to the Channel 4 portfolio channels, which carried no coverage of the Paralympics, stayed the same. ITV's digital channels maintained their viewing minutes and Channel 5's portfolio of digital channels very marginally increased their viewing.

Figure 2.29 Average daily minutes of viewing, by channel group

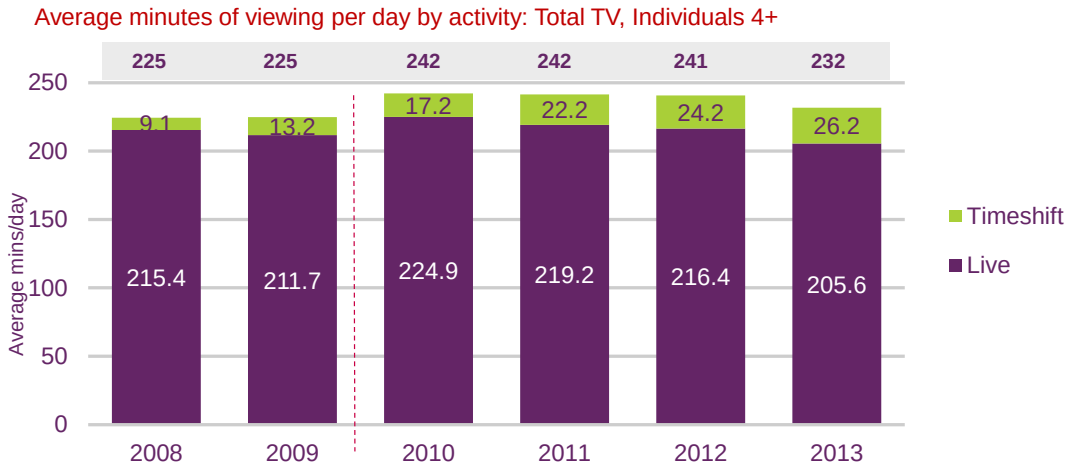


Source: BARB, network, all individuals 4+. Note: New BARB panel introduced 1 Jan 2010. As a result pre- and post-panel change data must be treated with caution (see dotted line).

Live viewing minutes fell by 11 minutes in 2013, the biggest year-on-year decrease since 2010

The majority (89%) of viewing on a TV set, among all individuals, was to live broadcasts in 2013. The remaining 11% was to time-shifted programmes, whether through TV catch-up services or stored on recording devices such as a DVR, within seven days of transmission. While there was only a one percentage point decrease in live TV as a proportion of all broadcast television viewing, this represented a year-on-year decrease of 11 minutes, the largest year-on-year fall since 2010 (Figure 2.30). The 11 minute fall in live viewing was partially offset by a two minute increase in time-shifted viewing, resulting in the overall nine minute fall in daily viewing in 2013.

Figure 2.30 Proportion of live and time-shifted viewing minutes, all homes



Source: BARB, network all individuals 4+.Some variation in figures due to rounding. Note: New BARB panel introduced 1 Jan 2010. As a result pre- and post-panel change data must be treated with caution (see dotted line).

The weather and sporting events may explain some of the decline in 2013

Analysis of average temperatures shows a warmer summer in 2013 and wetter summers between 2010 and 2012. As there is a natural seasonality in television viewing, these particular trends may have affected leisure activities, including television consumption, leading to increased viewing through the wetter summers.

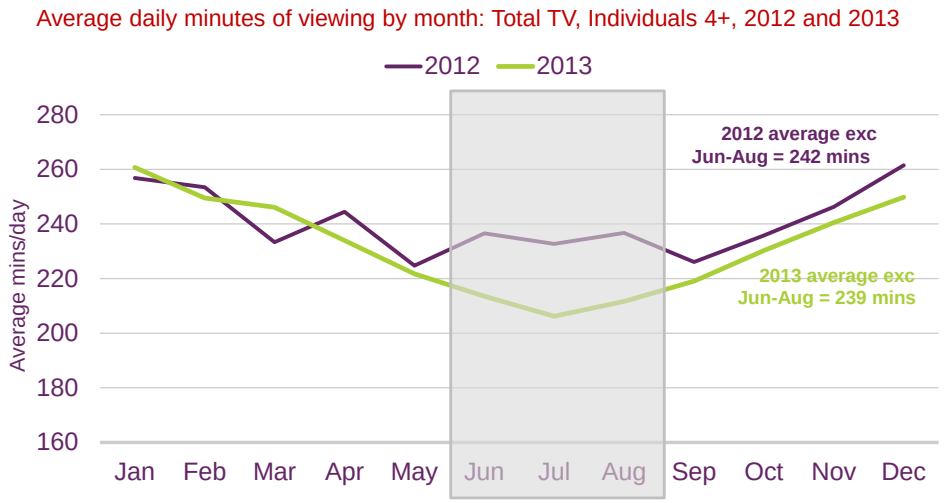
Signs of an economic recovery in 2013 may also be a factor in the fall in daily viewing minutes. As people return to employment or have more disposable income, they may spend more time outside the home either at work or engaged in more leisure activities.

The scheduling of events that capture the nation's attention may have skewed the seasonal variance in year-on-year viewing minutes. These include the Word Cup in 2010, the royal wedding in 2011, and UEFA Euro 2012, the Queen's Jubilee and the Olympic and Paralympic Games in 2012.

Figure 2.31 depicts the average daily viewing by month in 2012 and 2013. The summer months of June to August 2012 were notable for the broadcasting of significant events. This resulted in a considerable uplift in viewing compared to the same period in 2013 when there were no notable national events. To test the impact of these mass-appeal programmes against the recent year-on-year decline in viewing, the summer months (highlighted in grey) were removed from the 2012 viewing figures and compared to the 2013 viewing figures

(which excluded the same months). The re-calculated figures displayed in Figure 2.31 show a reduction in the scale of the decline from nine minutes per day per individual to three minutes per day.

Figure 2.31 Average minutes of total TV viewing per day: 2012-2013, with re-calculated annual viewing excluding June to August



Source: BARB, Network all individuals 4+. Note: Data exclude the months of June to August in the calculation of average daily minutes shown.

The difference in the volumes of audiences for the top ten programmes of 2012 and 2013 further illustrates the impact of major events on viewing (Figure 2.32). 2012 was marked by one-off event programmes that attracted greater-than-average audiences.

Figure 2.32 Top ten programmes, by average audience: 2012 and 2013

Top 10 programmes: 2012 and 2013, Total TV, Individuals 4+

Title	Channel	Date	Start	End	Average Audience, 000s
OLYMPICS 2012: CLOSING CEREMONY	BBC1	12/08/2012	21:00	00:17	24,465
OLYMPICS 2012: OPENING CEREMONY	BBC1	27/07/2012	21:00	00:51	24,245
EURO 2012: ENG V ITA	BBC1	24/06/2012	19:44	22:24	20,342
OLYMPICS 2012: MEN'S 100M FINAL	BBC1	05/08/2012	21:42	22:15	17,333
UEFA EURO 2012 MATCH ENG V UKR	ITV	19/06/2012	19:44	21:38	16,217
THE DIAMOND JUBILEE CONCERT	BBC1	04/06/2012	19:29	22:49	15,321
EURO 2012: SWE V ENG	BBC1	15/06/2012	20:01	21:52	14,252
OLYMPICS 2012	BBC1	05/08/2012	18:52	21:42	13,647
STRICTLY COME DANCING	BBC1	22/12/2012	18:30	19:55	13,368
STRICTLY COME DANCING: THE RESULTS	BBC1	22/12/2012	20:52	22:02	13,354

Title	Channel	Date	Start	End	Average Audience, 000s
NEW YEAR'S EVE FIREWORKS	BBC1	31/12/2013	23:57	00:12	13,525
I'M A CELEBRITY GET ME OUT OF HERE!	ITV	17/11/2013	21:02	22:34	13,048
DOCTOR WHO	BBC1	23/11/2013	19:50	21:06	12,804
STRICTLY COME DANCING: THE RESULTS	BBC1	21/12/2013	20:41	21:50	12,788
STRICTLY COME DANCING	BBC1	21/12/2013	18:30	19:55	12,421
WIMBLEDON 2013: MEN'S FINAL	BBC1	07/07/2013	13:53	17:59	12,278
STILL OPEN ALL HOURS	BBC1	26/12/2013	19:46	20:16	12,233
BRITAIN'S GOT TALENT	ITV	08/06/2013	19:29	22:00	12,230
DOWNTON ABBEY	ITV	10/11/2013	21:03	22:31	11,696
MRS BROWN'S BOYS	BBC1	25/12/2013	21:31	22:05	11,521

Source: BARB, Network, all individuals 4+. Top programmes are based on the best-performing episode of a programme in the year.

Estimates show that the majority of viewing across all devices is to broadcasters' scheduled programmes

As connectivity and connected device take-up has grown in recent years, so has the choice of content providers and services such as live streaming, catch-up TV and other video-on-demand (VOD) services. Seventy-three per cent of UK households have a fixed broadband connection; 79% have some form of computer (laptop, PC, netbook or tablet); 11% have a smart TV while 28% connect their TV set to the internet through some other device[31].

Ownership of portable devices such as tablets is growing rapidly (44% of households) and smartphone take-up (61%) is becoming as popular as laptop ownership (63%) in homes. All these factors allow opportunities for non-traditional watching of broadcast programmes and films, both at home and on the go. This could be a factor in the recent decline in 'traditional' viewing.

In the absence of a single source for measuring viewing across devices and services, 3 Reasons' estimates show that the majority of all viewing across all devices was to live broadcast programming (86%) in 2013. A further 10% was contributed by viewing programmes stored and subsequently played back on DVRs, with the remaining 4% accounted for by other types of VOD programming. These include catch-up services such as BBC iPlayer and other content that does not appear on broadcasters' schedules, such as viewing Netflix and LoveFilm (now Amazon Prime Instant Video)

Live viewing as a proportion of all viewing on all devices fell three percentage points year-on-year (accounting for 89% in 2012), while viewing via DVR devices and viewing long-form

[31] Source: Ofcom Technology Tracker, Q1 2014

VOD both increased by one percentage point. But despite increased connectivity, greater choice of programming and a wider range of devices on which to view it, the live TV experience is still the way that people prefer to watch programmes and films.

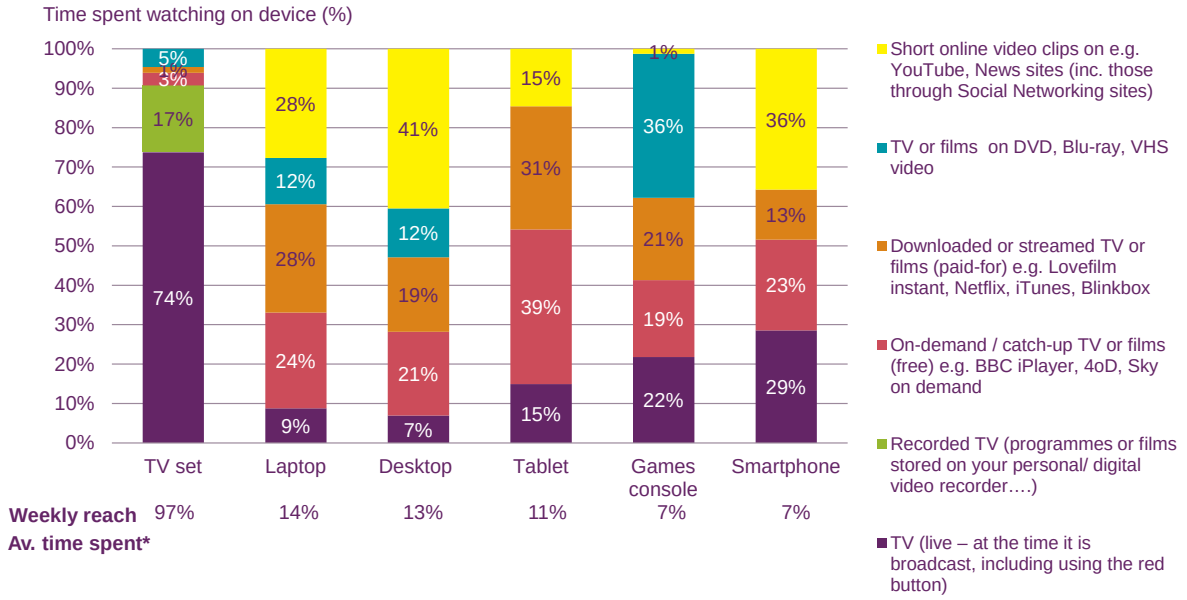
In conclusion, traditional broadcast TV remains robust and live TV remains the main way that people watch programmes. They watched less of it in 2013 compared to 2012, but the data suggest that people are using non-broadcast content to supplement their normal viewing rather than to replace it. They may be simply doing other things with their time.

2.1.6 Viewing on different devices

According to our Digital Day research, 97% of UK adults watch a TV set each week, and on average spend 4 hours 2 minutes per day doing so[32]. Seventy-four per cent of this is still spent watching live broadcast television, and a further 17% recorded broadcast television. The remaining 9% is a mixture of catch-up television, streaming and physical media such as Blu-ray and DVD. On all other viewing devices measured, such as computers, tablets and smartphones, there is a more even spread in the types of content people are watching.

Our research shows that 7% of UK adults use a smartphone to watch audio-visual content, and this group are spending an average of 15 minutes per day viewing on this device. For those who watch audio-visual content on a smartphone, short video clips are the most popular type of content; 36% of viewing time is directed towards short form content. Some of the reasons for less viewing in general, and watching short form content in particular, are obvious: small screens are more suited to short-form content than long-form, and people tend to use a phone when they are travelling, or waiting, and so may only have a short time to view.

Figure 2.33 Proportion of watching activities, by device



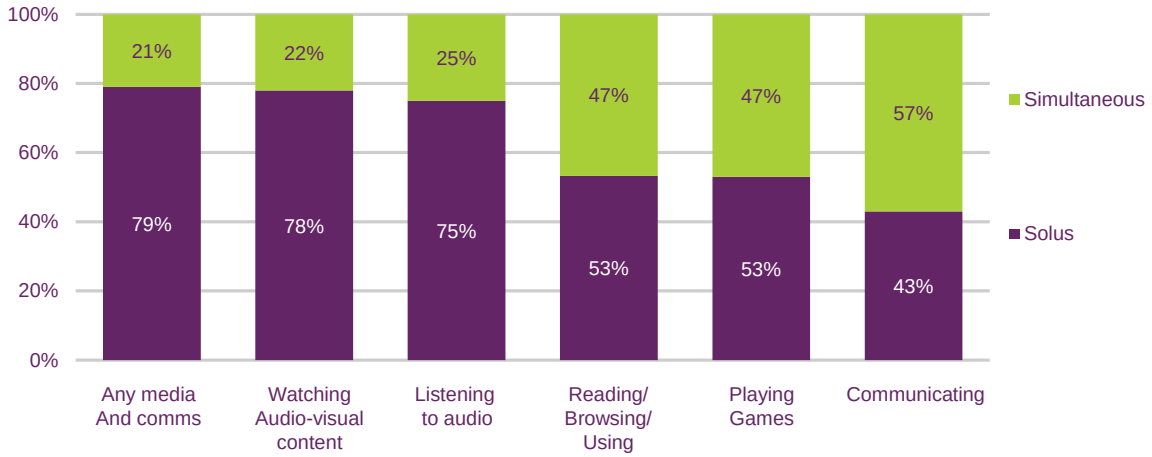
Source: Digital Day 7-day diary. Base: All watching activity records for adults 16+ (25272).
**Average time spent is the average time spent on each device per day for watching, among those who did it all over the week.*
Weekly reach is for watching activities. Only devices with weekly reach for watching above 3% shown

[32] Analysis of Digital Day research includes viewing to live or recorded television, on demand, streaming and downloaded content, physical media such as DVD and Blu-ray and short online video clips viewed on any device. Adults aged 16+.

Viewing takes up more of our time and attention than other media activities

As we have seen, watching live broadcast television remains the most popular viewing activity. Figure 2.34 represents how much time is spent engaging in a single activity ('solus') or in a number of activities at the same time ('simultaneous'), such as watching television while browsing a shopping website. We can see that 78% of viewing is done solus, compared to 53% of browsing and reading (e.g. newspapers) and 43% of communicating. Viewing not only takes up our time, we also give it more attention.

Figure 2.34 Proportion of solus and simultaneous minutes, by activity type



Source: Digital Day 7-day diary
Base: All activity record minutes for adults aged 16+ (5930358)

2.2 The TV and audio-visual industries

2.2.1 Introduction

This section examines some of the characteristics of the UK's audio-visual sector during 2013. It focuses on a range of metrics from the broadcast television industry and from those companies delivering audio-visual content over the internet. Key points in the section include:

- **The UK television industry generated £12.9bn in revenue during 2013, an increase of £426m (3.4%).** The increase was driven by growth in subscription revenues and net advertising revenues. There was a small decline in publicly-funded television programming in 2013 following an eventful year in 2012, including the London Olympics.

- **Pay-TV subscription revenue continues to drive growth in total sector revenues.** Subscription revenue increased in 2013 by 6.7% to reach almost £5.9bn. Subscriptions now account for 46% of all television industry revenues in the UK.

- **Broadcast-based TV advertising income returned to growth in 2013.** TV advertising income increased by 4% (£146m) in 2013 to reach almost £3.7bn, its highest level in the past five years. The largest proportional growth was in the commercial PSBs' portfolio channels where revenues increased by 14% year on year to reach a combined total of £669m.

- **Online TV revenue increased by 41% in 2013 to reach £364m.** The subscription model saw the steepest growth; revenue rose 76% to £112m, a possible indication that online streaming services are gaining traction in the UK market.

- **Spend on content by all UK TV channels in 2013 rose by 3.7% to reach £5.8bn.** The increase was driven primarily by increased spend by sports channels in a year of English Premier League broadcast rights renewal. Spend on BBC digital channels and the other PSBS' portfolio channels also increased, rising by 6% and 4% respectively. The largest relative decline was BBC One, whose spend fell by 12% to £747m.

- **Spend on first-run originated programming for the main five PSB channels declined by 5%, from £2,588m in 2012 to £2,451m in 2013.** Some of this decline may be attributable to there being no major sporting events that year.

- **Total broadcast hours of first-run originated programming on the five main channels were flat year on year.** Volumes of first-run original programming were similar to 2012, although non-peak saw a small drop of 1.4% to 13,180 hours. This was balanced by a small increase in regional programming, up by 2% to 11,232 hours.

- **Commercial multichannel broadcasters[33] in the eight mainstream genres spent over £3bn on programmes in 2013, a 13% increase year on year in nominal terms.** With the new round of Premier League broadcasting rights coming into effect in 2013, spend on sports programming grew by 19% year on year to reach £1,808m. This made up 59.1% of all programme spend across the commercial non-PSB channels, up from 56.2% in 2012.

[33] Commercial multichannel broadcasters include commercial PSB portfolio channels.

2.2.2 Television industry revenue

The UK TV industry was worth £12.9bn in 2013

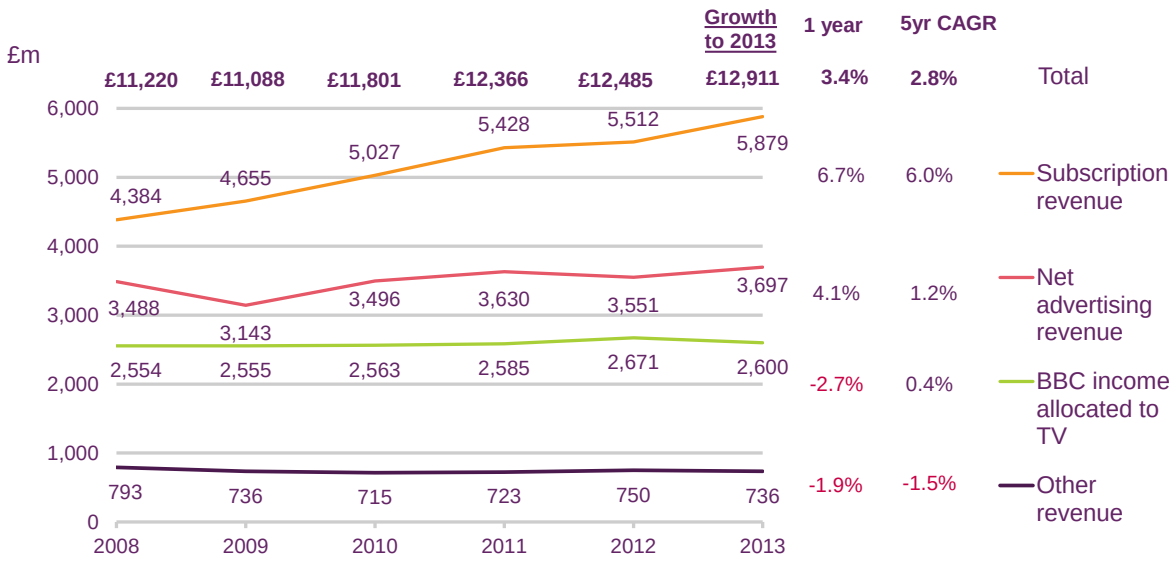
The UK television industry generated £12.9bn in revenue during 2013, an increase of £426m (or 3.4%) on 2012 in nominal terms. The market grew as a result of increases in subscription revenues (up 6.7%) and net advertising revenues (up 4.1%).

Pay-TV subscription revenue, which continues to drive a lot of the industry's growth, increased after a relatively flat year in 2012 (0.9% in that year)[34]. In general, subscribers have been encouraged to take up a wider range of services and as a result average revenues per user have increased.

Ofcom estimates that the BBC spent £2.6bn on its television services in 2013, a decrease of almost 3% year on year.

'Other' revenue experienced a decline of 1.9% year on year. We have seen drops in both pay-per-view and interactive revenues this year (Figure 2.40), possibly as a result of consumers switching to online streaming services.

Figure 2.35 Total TV industry revenue, by source: 2008-2013

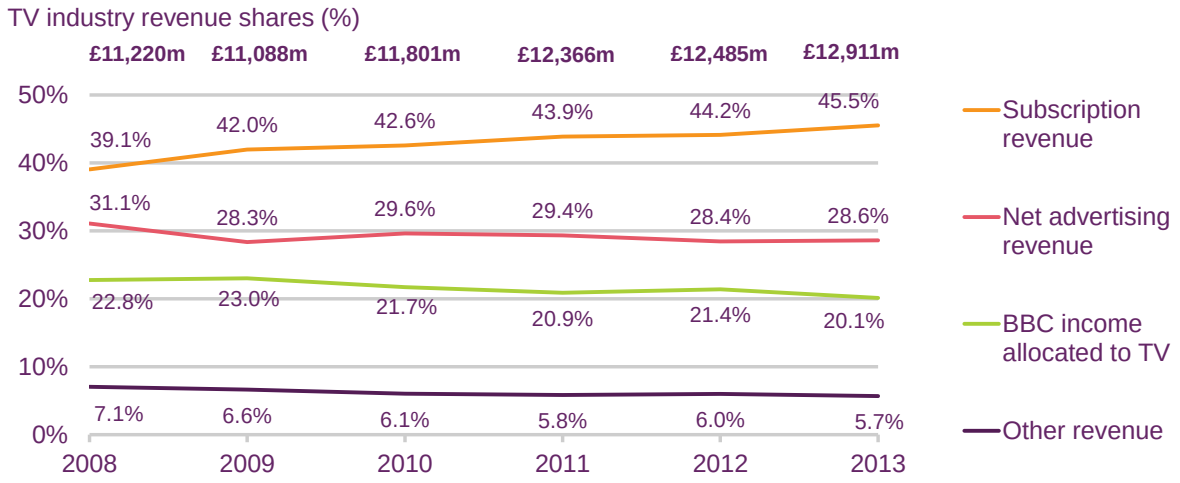


Source: Ofcom/broadcasters. Note: Figures are expressed in nominal terms and replace previous Ofcom revenue data for TV industry owing to restatements and improvements in methodologies. 'Subscription revenue' includes Ofcom's estimates of BSkyB, Virgin Media, BT Vision, TalkTalkTV, Setanta Sports (until its closure), ESPN and Top Up TV television subscriber revenue in the UK (Republic of Ireland revenue is excluded). It also excludes revenue generated by broadband and telephony. 'Other' includes TV shopping, sponsorship, interactive (including premium-rate telephony services), programme sales and S4C's grant from the DCMS and funding from the TV licence. The BBC re-stated its licence fee revenue in 2008. Totals may not equal the sum of the components due to rounding.

[34] This year BSkyB has included NowTV revenue in subscription revenues, an additional element not included in previous years' reports. The exact amount of subscription attributable to NowTV is not reported separately by BSkyB.

The relative contributions of the four main TV revenue sources remained broadly stable during 2013, changing by less than two percentage points during the year. While the two smaller revenue streams, BBC income allocated to TV, and non-broadcast revenue, saw their relative shares decrease by 1.3 and 0.3 percentage points respectively, the two larger revenue streams performed strongly. Subscription revenue increased its contribution to the total industry revenue to 45.5%, while net advertising revenue saw its relative share increase by a more modest 0.2 percentage points to 28.6%.

Figure 2.36 TV industry revenues, by share



Source: Ofcom/broadcasters. Note: Figures are expressed in nominal terms and replace previous Ofcom revenue data for TV industry, owing to restatements and improvements in methodologies. 'Subscription revenue' includes Ofcom's estimates of BSkyB, Virgin Media, BT Vision, TalkTalkTV, Setanta Sports (until its closure), ESPN and Top Up TV television subscriber revenue in the UK (Republic of Ireland revenue is excluded). It also excludes revenue generated by broadband and telephony. 'Other' includes TV shopping, sponsorship, interactive (including premium-rate telephony services), programme sales and S4C's grant from the DCMS. The BBC re-stated its licence fee revenue in 2008. Totals may not equal the sum of the components due to rounding.

Platform operators saw a 6.7% rise in revenues in 2013

While revenues for the main commercial PSB channels were flat, and publicly-funded PSB channels' revenue declined by 2.8%, platform operators and commercial multichannel broadcasters saw their total revenues grow by 6.7% and 6.2% respectively. This is the fifth consecutive year of growth for platform operators, and the fourth for non-PSB commercial channels.

Publicly-funded channels, including Ofcom's estimate of BBC spend on TV output and S4C's grant from the Department for Culture, Media and Sport, as well as its funding from the television licence fee, accounted for almost £2.7bn of revenue, down slightly on 2012.

Figure 2.37 Total TV industry revenue, by sector: 2008-2013

Source: Ofcom/broadcasters. Note: Figures are nominal. Main commercial PSB channels comprise ITV/ITV Breakfast, STV, UTV, Channel Television, Channel 4, Channel 5 and S4C. Commercial multichannels comprise all multichannels including those owned by ITV1, Channel 4 and Channel 5. Publicly-funded channels comprise BBC One, BBC Two, the BBC's portfolio of digital-only television channels and S4C. S4C is listed under publicly-funded and commercial analogue channels because it has a mixed advertising and public funding model. The BBC re-stated its licence fee revenue in 2008. Totals may not equal the sum of the components due to rounding.

Television advertising revenues returned to growth in 2013

TV advertising income increased by 4% (£146m) in 2013 to reach almost £3.7bn, its highest level in the last five years.

The largest proportional growth was in the commercial PSBs' portfolio channels, where revenues were up 14% year on year to reach £669m. These channels' advertising revenues have grown at an average rate of 8% per annum over the last five years and have offset the 1% annual decrease in commercial PSB main channel advertising revenues. In 2008 the combined total for PSBs, including main and portfolio channels, was £2.65bn, and in 2013 it was £2.73bn. This change can be attributed in part to greater programme investment on the portfolio channels, attracting increased advertiser revenues as audiences increase. The main PSB channels saw modest growth in 2013, a rise of £5m compared with 2012. Despite only modest growth, the three main commercial PSB channels continue to account for the majority of TV advertising income, with a combined share of 56% of total TV advertising revenues in 2013.

Advertising revenues for other commercial broadcasters were up 6% to £968m. This is the fourth year in a row that both these sectors have reported growth in net advertising revenue.

Figure 2.38 TV net advertising revenues, by source: 2008-2013

Source: Ofcom/broadcasters. Note: Figures expressed are in nominal terms and replace previous data published by Ofcom. Main commercial PSB channels comprise ITV1, STV, UTV, Channel Television, ITV Breakfast, Channel 4, Channel 5 and S4C; Commercial PSB portfolio channels include, where relevant, ITV2, 3, 4, CiTV, E4, More 4, Film 4, Five USA and 5 (and their '+1' channels). For previous years, closed channels have also been included. Sponsorship revenue not included. Totals may not equal the sum of the components due to rounding.*

Channel 5 and PSB portfolio channels saw the largest proportional growth in TV advertising market share

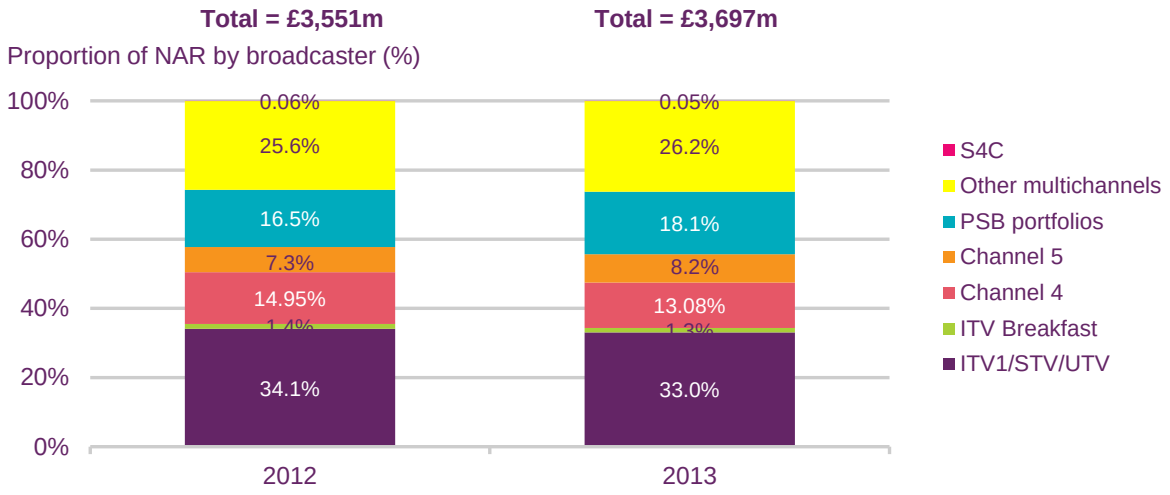
Changes in the share of TV advertising reflect the move towards a more multi-channel environment.

The two largest commercial PSB channels, ITV and Channel 4, both lost market share; down 1.1pp and 1.9pp respectively. However, ITV remains the largest advertising revenue earner, capturing 33% of all TV advertising revenues in 2013. In contrast to these declines, Channel 5 increased its share by 0.9pp to 8.2%. When taken together (including ITV Breakfast), the main PSB channels lost 2.2pp in share of all net advertising revenue.

While the commercial PSB broadcasters' main channels' results were mixed, there was an increase in market share across their portfolio channels. Taken as a whole, the PSB portfolio channels' market share increased by 1.6pp to 18.1%.

The remaining commercial channels together increased market share by 0.6pp to 26.2% in 2013.

Figure 2.39 TV net advertising revenue market shares: 2012-2013



Source: Ofcom/broadcasters. Note: Expressed in nominal terms. ITV1/Channel 3 includes ITV1, STV, UTV and Channel Television.

2.2.3 Other TV revenue

Broadcaster revenue raised from other sources fell by 2% in 2013

Television revenue from sources other than subscription income, advertising revenue and the BBC's allocation of the licence fee dropped by 2% year on year.

The greatest proportional decline was in pay-per-view television: revenues dropped by 33% to £31m in 2013. This may be explained in part by the small but growing take-up of 'over the top' audio-visual streaming services such as Netflix and Amazon Prime Instant Video (formerly LoveFilm) which allow users to access large archives of films and television series in return for a monthly subscription fee, rather than the more immediate charging system of pay-per-view.

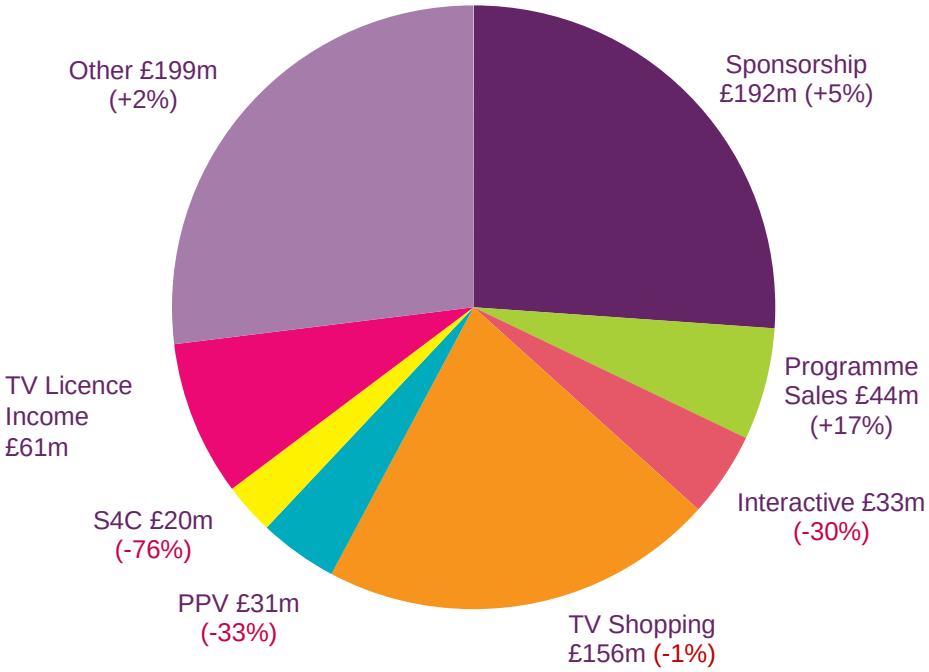
There were some areas of growth. The largest proportional growth was in programme sales, with producers increasing sales revenue by 17% to £44m. Sponsorship deals were also up 5% on 2012, to £192m.

An agreement between S4C, the Department for Culture, Media and Sport (DCMS) and the BBC resulted in the financing of S4C being restructured in 2013, and the channel now receives the majority of its funding from the television licence fee[35]. Prior to this agreement the majority of funding came from DCMS grants.

[35] http://www.s4c.co.uk/production/downloads/e_operatingagreement.pdf

Figure 2.40 Breakdown of other/ non-broadcast revenue: 2013 versus 2012

Total non-broadcast revenue = £736m (-2%)



Source: Ofcom/broadcasters. Note: Percentage figures in brackets represent year-on-year change for total non-broadcast revenue versus 2012. TV shopping represents aggregate operating margin of products sold via television. A funding agreement reached in April 2013 meant that the majority of S4C funding now comes out of the BBC's licence fee income. Totals may not equal the sum of the components due to rounding. Owing to the nature of these revenue components, annual changes may be a function of a higher number of broadcaster returns being received by the time of writing, rather than material changes in the contributions that these revenue components are making to total industry income.

2.2.4 Revenue among multichannel genres

Revenue among key multichannel genres continued to grow in 2013

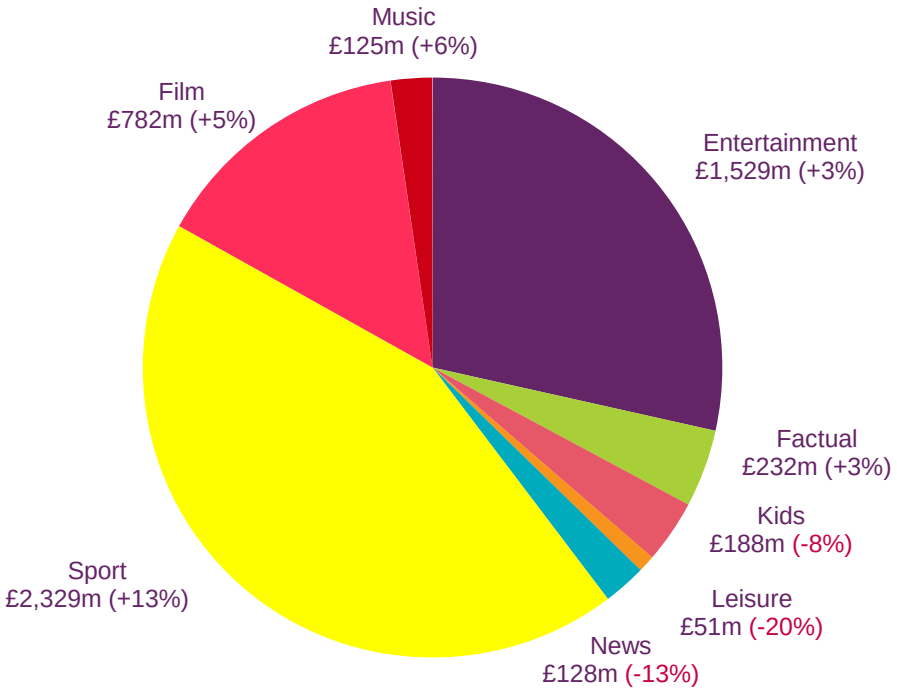
Sport continues to be the largest revenue-generating genre across multichannel platforms, accounting for 43% of revenues. In 2013, revenues reported by sports channels grew by 13%, partly as a result of increased activity in the genre by BSkyB and the launch of the BT Sport group of channels.

All of the larger mainstream genres experienced revenue growth in 2013, with the three largest of those analysed here (sport, entertainment and films) now accounting for 86.5% of all revenues. Total revenues reached £5.36bn, a rise of 6% on the previous year.

The largest relative reductions in revenue by genre were in leisure, down 20% to £51m, and news, down 13% to £128m.

Figure 2.41 Revenue generated by multichannel broadcasters, by genre: 2013 versus 2012

Total revenue = £5,364m across the eight included genres (+6%)



Source: Ofcom/broadcasters. Note: Percentage figures in brackets represent year-on-year change for total revenue compared to 2012. The figures in this chart include all sources of revenue accruing to multichannels and are expressed in nominal terms. This includes those set out in Figure 2.35 plus wholesale subscriber payments from platform operators.

2.2.5 Spend on UK television programmes

Broadcasters spent £5.8bn on programmes in 2013

Spend[36] on content by all UK TV channels in 2013 was £5.8bn, up by almost 4% year on year in nominal terms, driven by increases in spend on sport and films output (up 18%) and the digital channels owned by PSBs. BBC digital channels' programme spend increased by 6% to £246m and the other PSBs' digital channels (ITV2, E4, 5Star etc.) increased their spend by 4% to £260m.

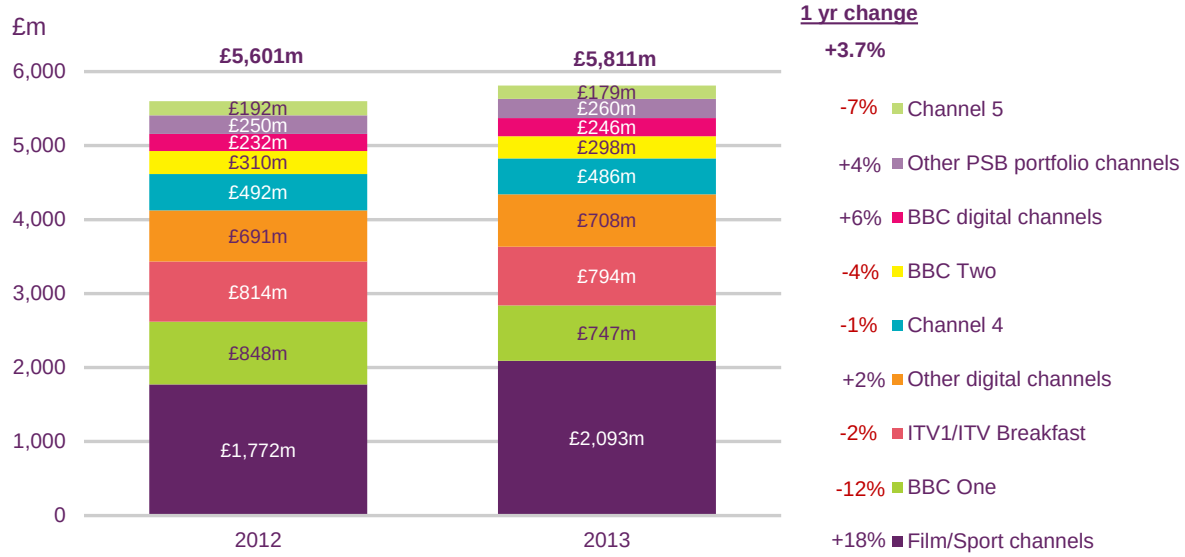
In contrast, the five main PSB channels all spent less than the previous year. BBC One experienced the sharpest fall, spending £747m on programming, down 12% from £848m in 2012.

The five main PSB channels still account for 43% of all programme spending in the UK.

Film and sports channels account for 36%, a large portion of which is made up of sports broadcasting rights.

[36] Spend figures here do not represent the entire cost of programme production in the UK as they do not include third party funding or the full cost of co-productions with overseas broadcasters.

Figure 2.42 Spend on network TV programmes: 2012-2013



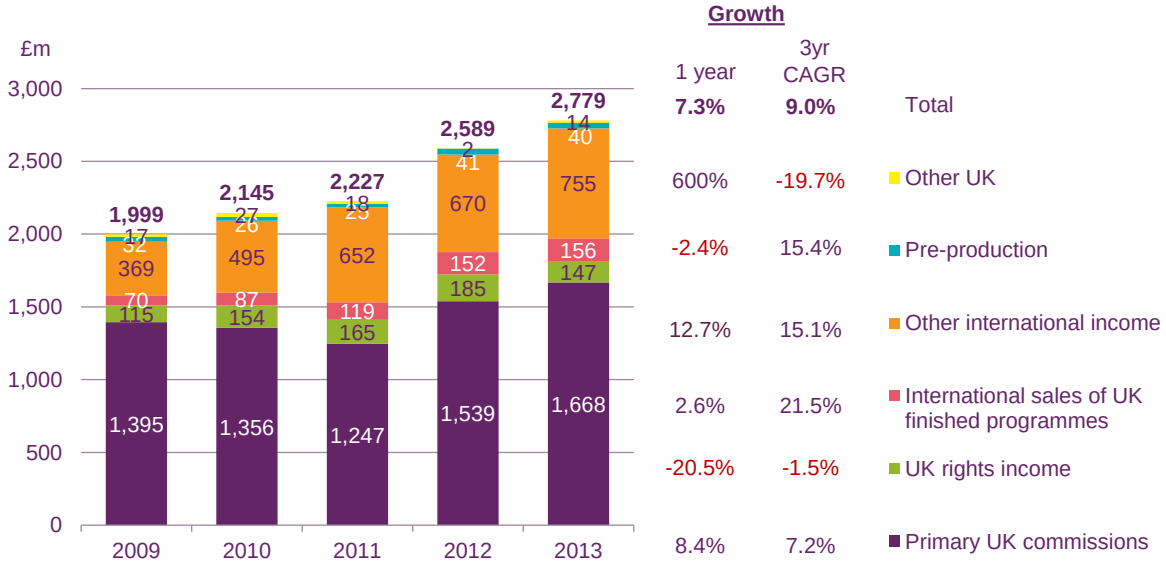
Source: Ofcom/broadcasters. Note: Figures expressed in nominal prices. Figures do not include spend on nations and regions output. 'BBC digital channels' includes BBC Three, BBC Four, BBC News Channel, BBC Parliament, CBBC and CBeebies (but not BBC HD). 'Other digital channels' include all genres (excluding sports and films). Programme spend comprises in-house productions, commissions from independents, acquired programmes and repeats (originations and acquisitions).

2.2.6 UK independent sector

Independent producers' UK primary commissioning revenue continued to grow in 2013

According to PACT's annual census of independent production companies in the UK, 2013 was another good year for the independent sector as its TV revenues grew by 7.3% to £2.78bn, representing the fourth consecutive year of growth. The largest growth in absolute terms was in UK primary commissioning, up by £129m to £1.67bn. There was also strong growth in 'other' international income (revenue from overseas operations and primary commissions received from non-UK broadcasters) which grew by 12.7% to £755m. The most significant drop was in UK rights income, which fell by over 20% year on year, possibly as a result of falling DVD sales.

Figure 2.43 Independent producers' TV-related revenues



Source: PACT Independent Production Sector Financial Census and Survey 2014. All figures are nominal. Note: 'Other international income' refers to revenue from companies overseas operations and any primary commissions received from non-UK broadcasters; 'International sales of UK finished programmes' – sales of first-run UK programming sold as finished product abroad ; 'UK rights income' – UK secondary sales, publishing, formats, DVD sales etc.

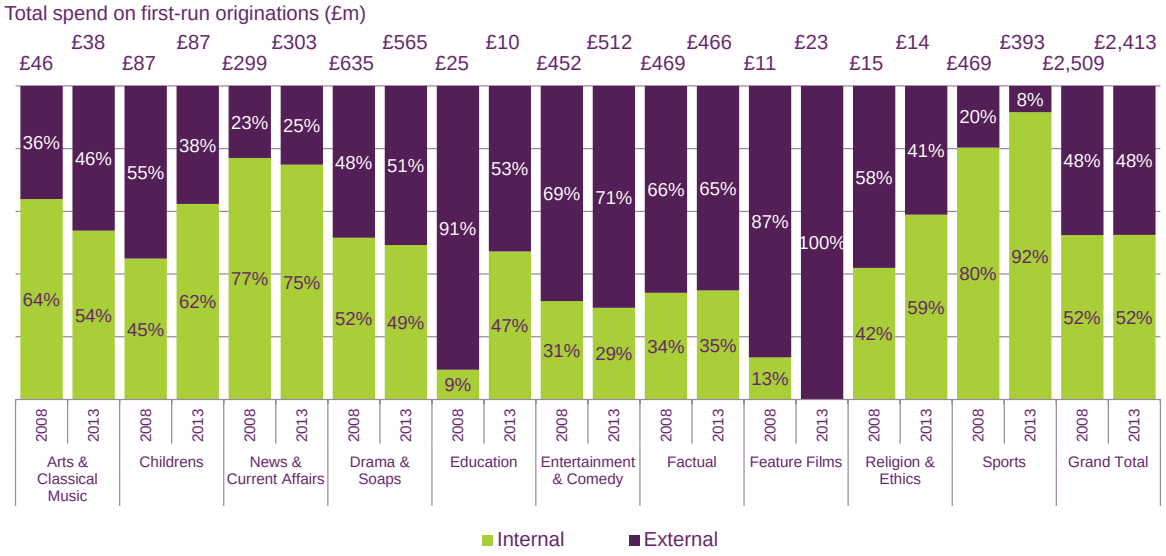
Spend in each genre on first-run originations by the main PSBs, in-house vs. independent producers

Taken together, the main five PSB channels and the BBC digital channels spent the same proportions in-house and externally on first-run originations in 2013 as they did five years earlier, in 2008 (see right hand column, Figure 2.44). In both years, in-house commissioning accounted for 52% of the total and external commissions made up the remaining 48%. The combined spend for the year was £2.4bn, down 4% on 2008.

Focusing on those genres with the largest total spend, we can see that independent producers have held the majority share in entertainment and comedy, and factual, as well as around 50% of drama and soaps. Sport, on the other hand, continues to be commissioned mainly in-house, with 92% of spend in the genre going to in-house commissions.

The variation in figures between Ofcom and PACT (see previous figure) revenue figures for the independent sector differ because of the different methodologies used. Most importantly, while PACT's revenue figures are based on total commissions won by independent producers, Ofcom's figures are based on just the five PSB channels and BBC's digital portfolio.

Figure 2.44 Relative share of spend on first-run originated network content, by genre: in-house vs. independent producers: 2008 and 2013



Source: Ofcom/broadcasters. Note: Includes spend by the main five PSBs and BBC portfolio channels on first-run originated content broadcast all day, and excludes regional output. Note: Figures expressed in nominal terms.

2.2.7 Spend on first- run originations by the five main PSB channels, including regional programming

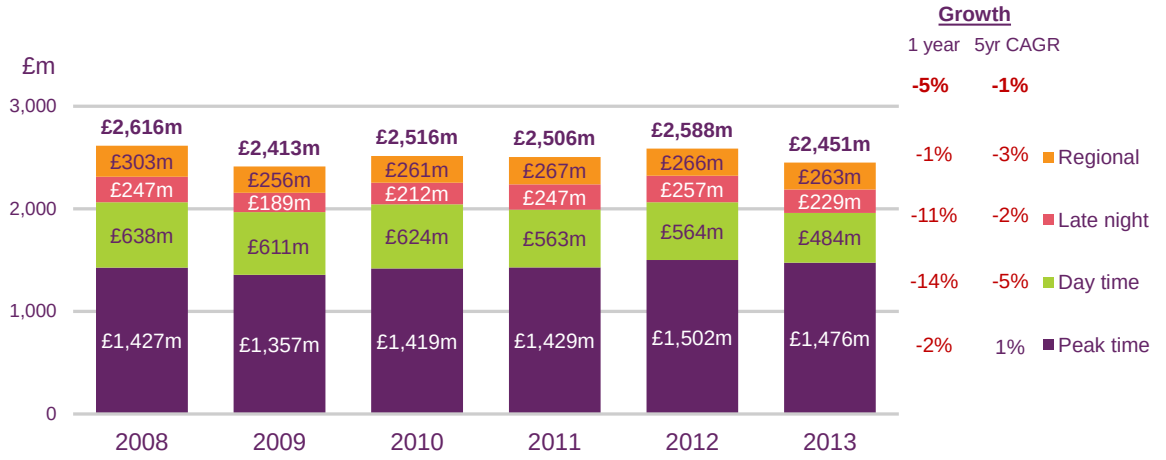
Spending on first-run originations by the main five PSB channels at its lowest for four years

Spend on first-run originated programming for the main five PSB channels was down 5% from £2,588m in 2012 to £2,451 in 2013. The value of first-run output broadcast in peak time decreased by £26m to £1,476m in 2013, a year-on-year fall of 2%.

Some of the decline may be attributable to there being no major sporting events that year, and a fall in first-run origination spend in the year following the London Olympics is to be expected. The largest decline was in daytime spend (down 14%) as might be expected as schedules returned to normal after the disruption of summer 2012. There was also an 11% drop in late-night first-run originated spend.

Overall, we now see compound annual growth rate of -1% in nominal terms across the five-year period to 2013.

Figure 2.45 Spend on first-run originated output on the five main networks



Source: Ofcom/broadcasters. Note: Figures are expressed in nominal terms. They include ITV Breakfast, spending in the nations and regions on English-language programming (and a small amount of Irish-language programmes) but do not include the BBC's digital channels.

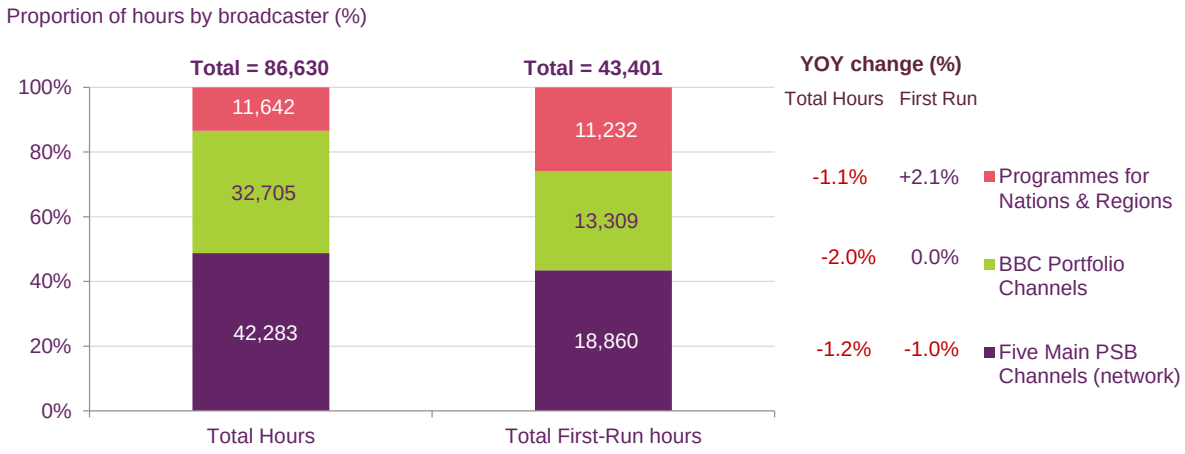
2.2.8 Television industry output

PSB output in context

Figure 2.46 illustrates the number of hours broadcast by the five main PSB channels, BBC digital channels and the nations and regions. Of the 1.9 million hours broadcast in the UK in 2013, these channels accounted for 86,630 (5%). Of these, 43,401 were first-run originations produced either in-house or commissioned from external producers.

Reading across the columns in the chart we can see that of the 42,283 hours broadcast by the five main PSB channels in 2013, 18,860 (45%) were first-run originations. BBC digital channels' output was 41% first-run originations. The large majority of programmes made by the BBC and Channel 3 licensees for the nations and regions were also first-run originations (11,232, or 96%, of the 11,642 hours).

Figure 2.46 PSBs' total hours and first-run originated hours of output, all day: 2013



Source: Ofcom/broadcasters. Note: The first-run figures include in-house productions and external commissions, not first-run acquisitions. ITV Breakfast is included within the figures for the five main channels. Regional hours exclude Welsh and Gaelic-language programming but include a small proportion of Irish-language and Ulster Scots programmes on BBC NI and UTV.

2.2.9 Television output on the five main PSB channels

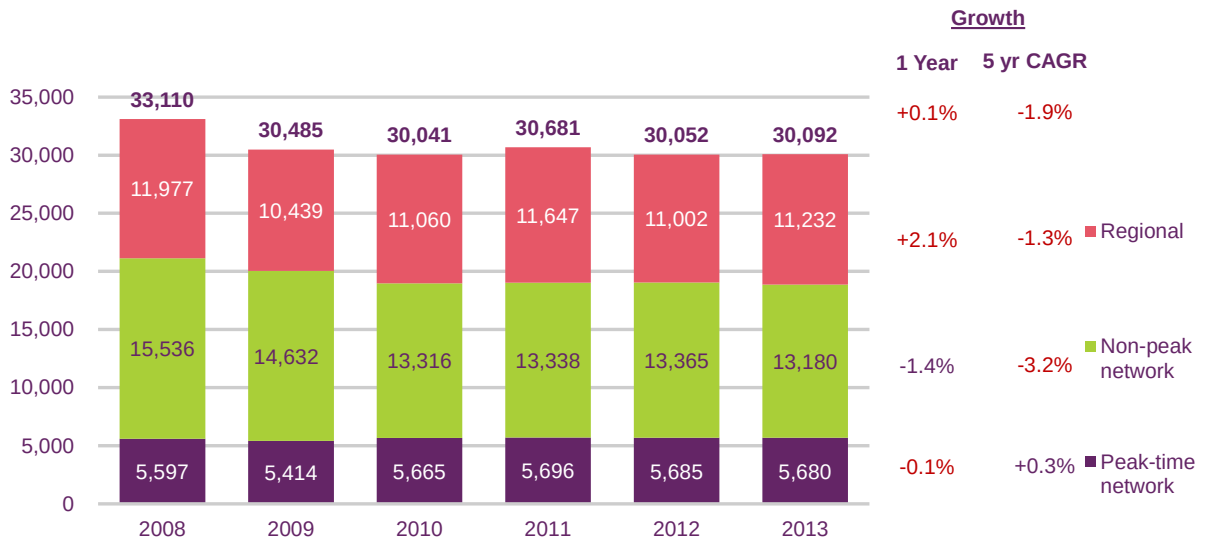
Hours of first-run originations remain steady year on year

Total broadcast hours of first-run originated programming among the five main PSB channels increased by 40 hours in 2013 to 30,092 hours.

An increase of 230 hours in the nations and regions offset a decline of 185 hours in non-peak network originations. Peak-time network originations were almost exactly the same as in 2012, at 5,860 hours.

Across the five-year period there has been an overall drop of 1.9%; from 33,110 hours in 2008 to 30,092 in 2013, although peak first-run originations, which attract the largest audiences and, generally speaking, the largest budgets, have actually increased at a rate of 0.3% per year; from 5,597 hours in 2008 to 5,680 in 2013.

Figure 2.47 Hours of first-run originated output on the five main PSB channels



Source: Ofcom/broadcasters. Note: Figures include ITV Breakfast but do not include the BBC's digital channels. Regional hours exclude Welsh and Gaelic-language programming but do include a small proportion of Irish-language programmes.

First-run originations broadcast by PSBs

Figure 2.48 illustrates the average number of hours of first-run originations broadcast on the five main PSB channels and the BBC's digital channels each week.

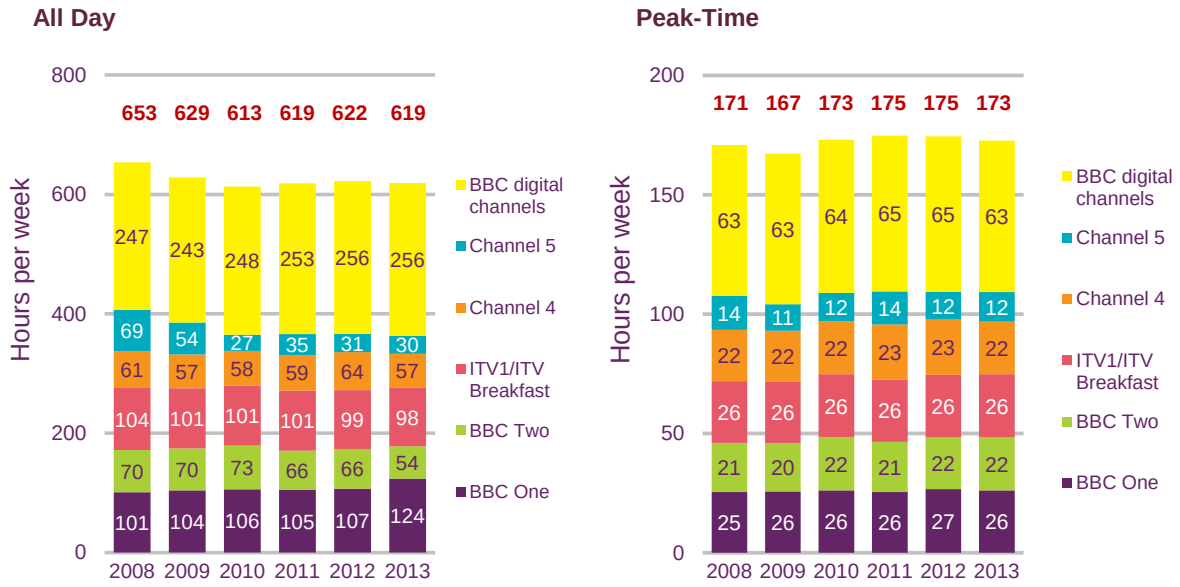
In 2013, the figure stood at an average of 619 hours per week, down from 622 hours in 2012.

Over the five-year period, Channel 5 first run originations have more than halved; from 69 hours per week to 30 hours. Only BBC One and the BBC digital channels have increased their hours of first-run originations. Much of the BBC One increase and the BBC Two decrease in 2013 was due to a change in presentation; the *Sign Zone,* which used to be on BBC One, moved to BBC Two, and the News24 simulcast was predominantly on BBC One, whereas in previous years it was shared across BBC One and BBC Two.

In peak time, the two largest channels, BBC One and ITV1, have consistently shown an average of 26 hours per week, as might be expected in popular, mass-reach slots on the

channels with the largest budgets. Channel 4 and BBC Two have also consistently shown mainly originations in peak time, averaging 22 hours per week.

Figure 2.48 First-run network originations by the PSBs per week, all day and peak time



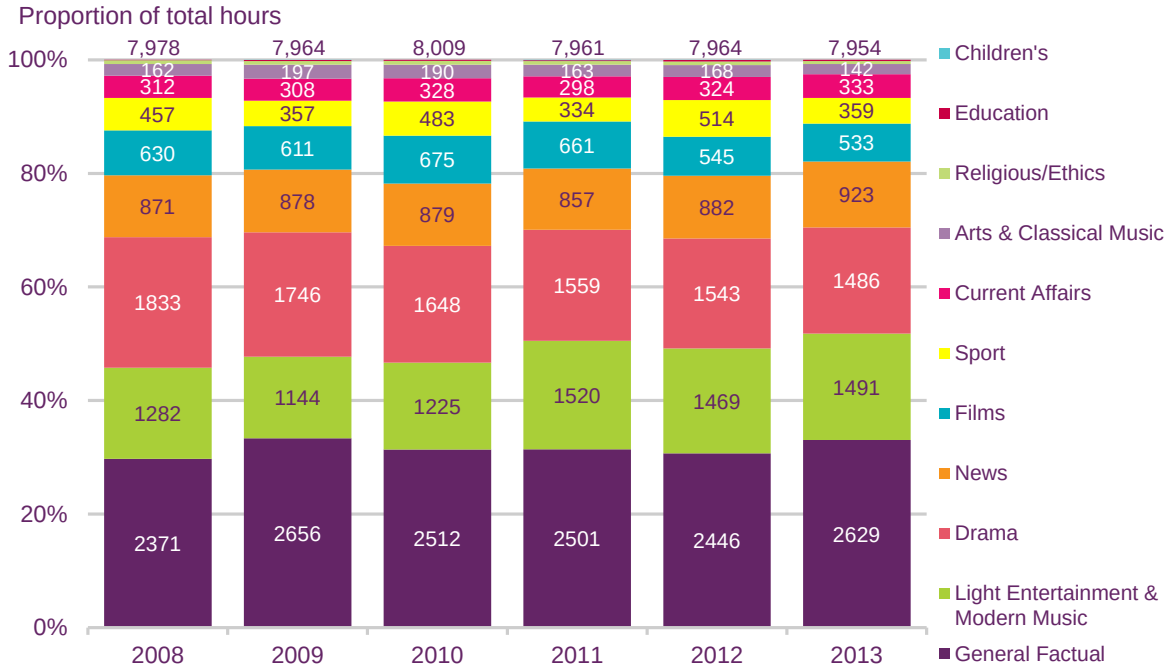
Source: Ofcom/broadcasters.
Note: Figures do not include nations' and regions' output.

Peak-time genre mix across the five main PSB channels

The number of news hours in peak on the five main PSB channels increased by 41 hours in 2013 to reach its highest level over the past five years, at 923 hours on networked television (excluding regional programming). This equates to almost 18 hours per week of news programming in peak time across the five channels. Factual programming also increased: by 183 hours to 2,629 hours.

The greatest year-on-year declines in terms of total number of hours were in sports, which fell by 30%, and drama, down by 3.7%. The decrease in sports programming was to be expected, as the 2012 Olympics increased that year's hours to an unusually high level, and there was no major international football tournament in 2013. Drama's decline of 57 hours in peak time across the year to 1,486 hours continues a trend visible since 2008.

Figure 2.49 Genre mix on the five main PSB channels in peak time, by hours



Source: Ofcom/broadcasters. Note: Includes five main channels including ITV Breakfast, figures do not include hours of nations' and regions' output.

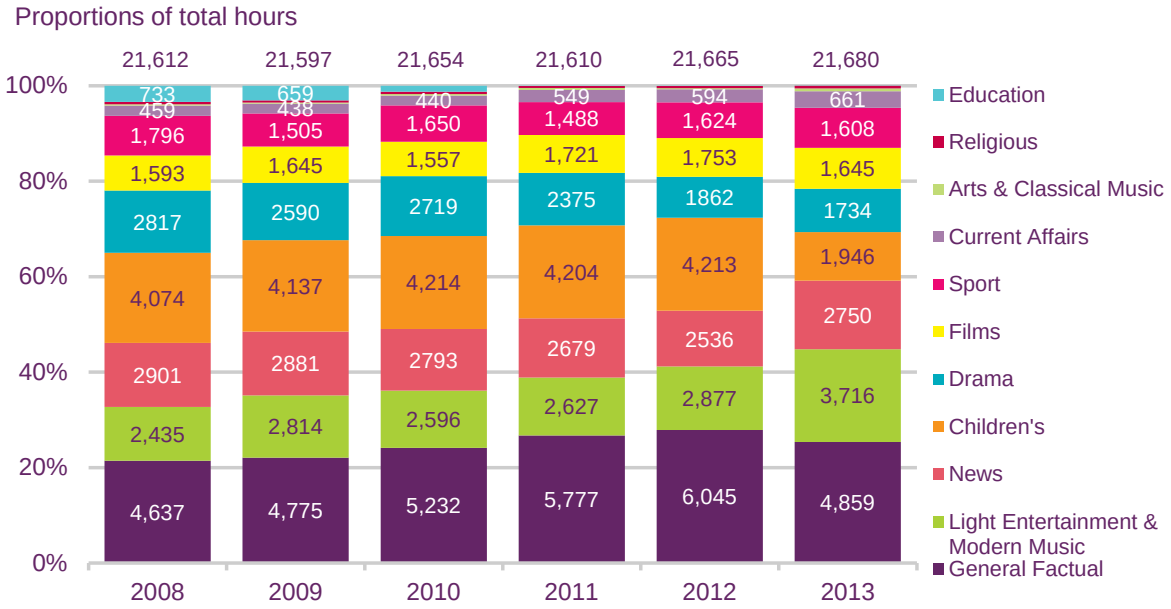
Daytime genre mix across the five main PSB channels

There was a 54% decrease in hours of children's programming in daytime, down from 4,213 hours to 1,946. The great majority of this was as a result of the BBC completing the move of all children's services from BBC One and BBC Two to CBBC and CBeebies, following digital switchover[37]. Much of the resulting space in the schedules was filled by a mixture of factual and entertainment programmes. General factual hours increased by 1,355 hours (22%) and entertainment increased by 839 hours (29%).

There was also an 8% increase in news programming hours, up from 2,536 hours in 2012 to 2,750 in 2013.

[37] http://www.bbc.co.uk/news/entertainment-arts-18083178

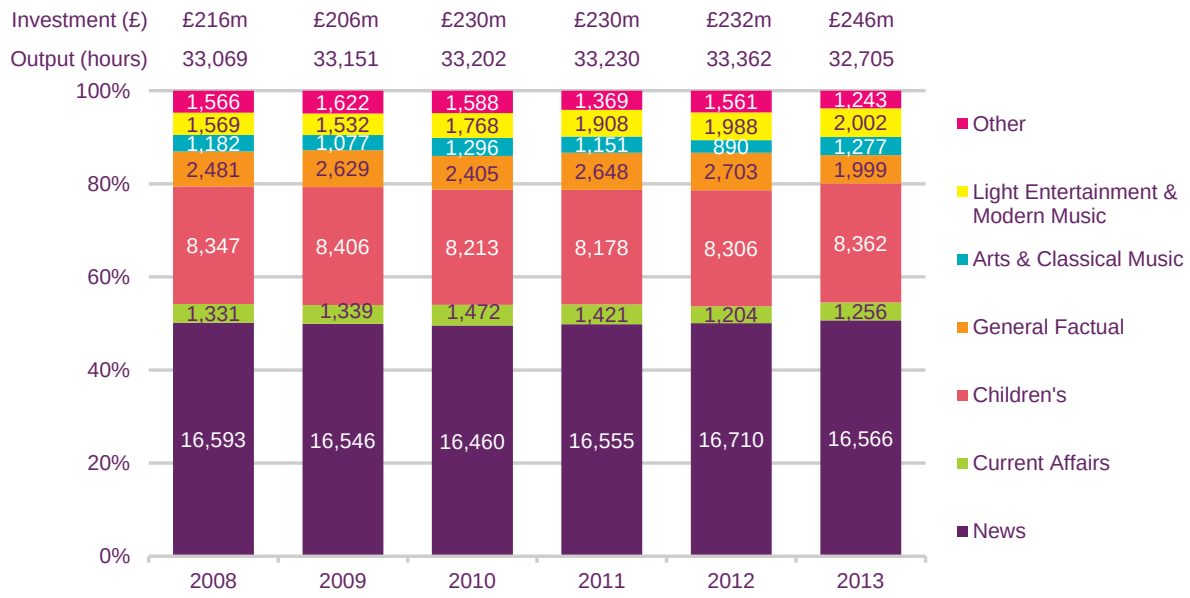
Figure 2.50 Genre mix on the five main PSB channels: daytime, by hours



Source: Ofcom/broadcasters. Note: Includes five main channels plus ITV Breakfast. Figures do not include hours of nations' and regions' output.

Figure 2.51 sets out the genre mix of the BBC's portfolio channels, which remains broadly similar to 2012, mainly because four of the six digital channels are single-genre (Cbeebies, CBBC, BBC Parliament and BBC News 24). The most notable year-on-year differences are a return to growth in arts and classical music (up 43%) and declines in general factual and 'other', which decreased by 26% and 20% respectively. 'Other programmes' includes sports, and this reduction is in part due to there being fewer sports programmes in 2013 than in 2012, the year of the London Olympics.

Figure 2.51 The BBC's digital channels genre mix, by hours: all day



Source: Ofcom/broadcasters. Note: BBC digital channels include BBC Three, BBC Four, BBC News 24, BBC Parliament, CBBC, and CBeebies. 'Other' includes: education, drama, film, religion and sports

2.2.10 Multichannel output and spend

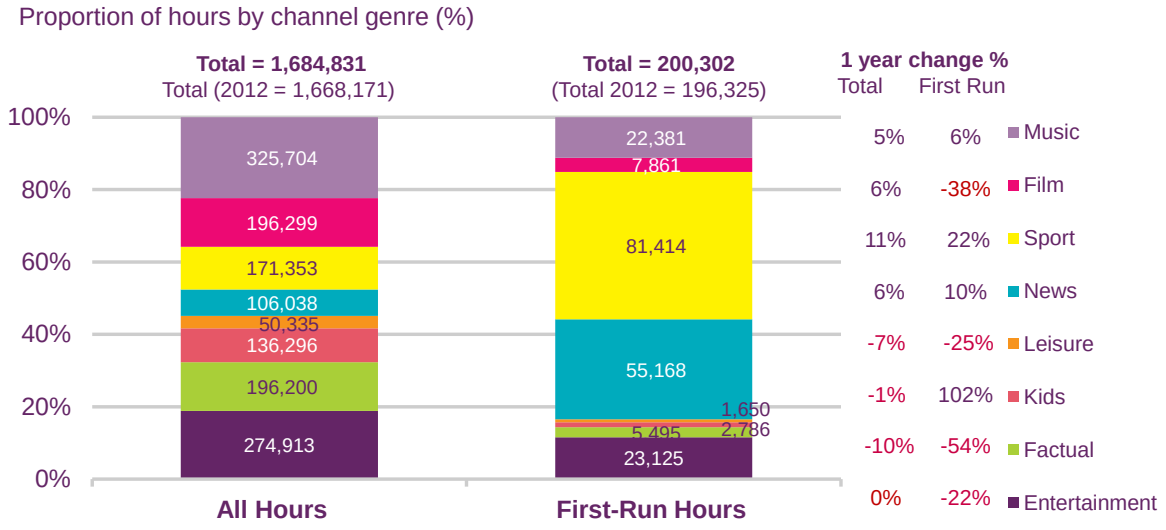
First-run originations made up 14% of all hours broadcast on non-PSB channels in 2013

Figure 2.52 focuses on the composition of broadcast hours in the multichannel sector. Fourteen per cent of the 1.46 million hours broadcast were first-run originations.

Among the eight genres included in our analysis, music represented almost a quarter (22%) of the total hours broadcast by the multichannels in 2013. The second largest genre was entertainment (19%).

Total first-run multichannel hours, which include first-run originations and first-run acquisitions, increased by 2% year on year to 199,880 hours in 2013. As in previous years, the majority of this was a mixture of sports and news programmes, which together accounted for 68% of all first-run originations. Owing to the topical nature of these genres, 48% of sports programming and 52% of news programming was made up of first-run originations.

Figure 2.52 Total multichannel hours and first-run originations/acquisitions: 2013

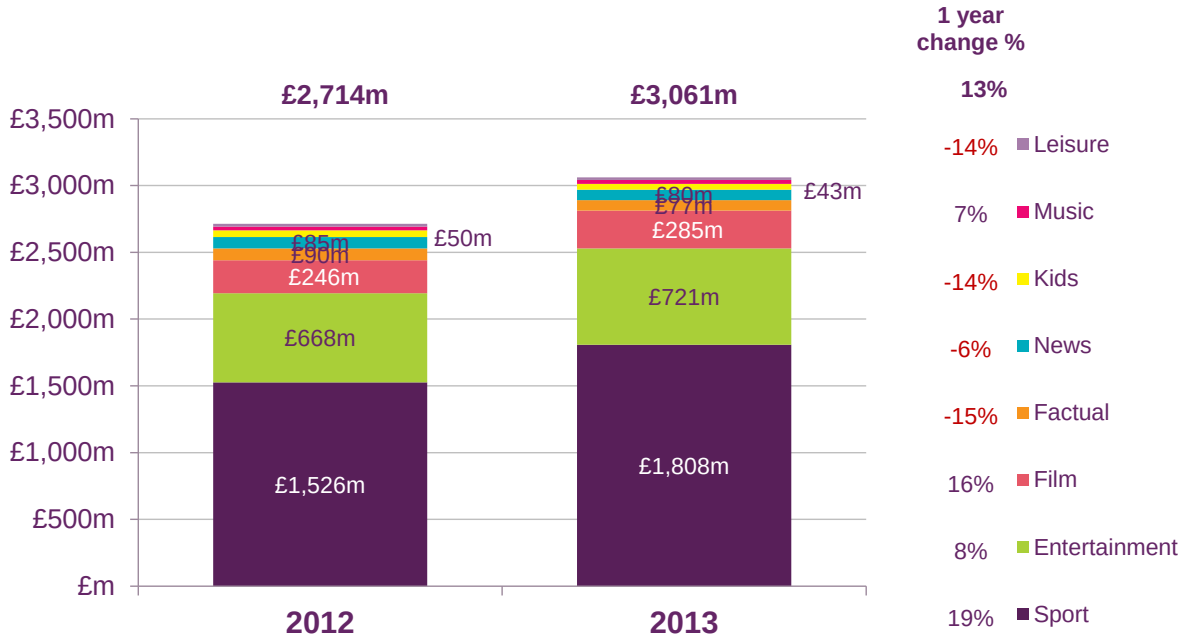


Source: Ofcom/broadcasters. Note: Broadcast hours exclude Sky Box Office and 'barker' channels, which promote TV content and replace previous data published by Ofcom. First-run hours include first-run in-house, commissioned and acquired content.

Spend on sports programming jumps again

With the new round of Premier League broadcasting rights coming into effect in 2013, spend on sports programming grew by 19% year on year to reach £1,808m. This made up 59.1% of all programme spend across the commercial non-PSB channels, an increase from 56.2% in 2012. As well as being the largest actual growth of any genre, this £282m increase was also the largest proportional growth. Spend on the next largest genres, entertainment and films, increased by 8% (£52.5m) and 16% (£38.7m) respectively. There was a 9.5% decrease in total spend across the remaining five genres, which had a combined total programme spend of £248m in 2013.

Figure 2.53 Content spend by commercial multichannels in key genres: 2012-2013



Source: Ofcom, broadcasters. Note: Spend expressed in nominal terms. Excludes BBC digital channels.

2.3 The TV and audio-visual viewer

2.3.1 Summary

This section examines the availability and take-up of digital TV platforms and trends in television consumption, including some categories of non-linear viewing, during 2013. It also analyses viewers' attitudes to television. The key points include:

- **On average, viewers watched 3 hours 52 minutes of television per day in 2013**; this has increased from 3 hours 42 minutes in 2004. Viewing among adults aged 45+ increased, while it fell for adults aged under 45 compared to 2004. The greatest fall in viewing was among the 25-34s, whose viewing decreased by 26 minutes a day, while over-65s increased their viewing most; by 41 minutes a day.

- **There was a year-on-year decline in viewing among the UK population overall**, falling nine minutes per person per day compared to 2012. The fall in viewing was observed among all age groups and was the first decline since 2010; it had held steady at around four hours per day until 2012. Earlier sections of this report; *The recent decline in TV viewing* and *The generation gap,* explore the changes in viewing in more detail.

- **The main five PSBs and their portfolio channels together attracted 72.3% of total TV viewing**, a decline of 0.7 percentage points year on year. This was due to a 0.9 percentage point fall in the audience share of the main PSBs, which was offset by a 0.3 percentage point increase in the audience share of their portfolio channels, to 27.7%.

- **Nonetheless, of the top 20 channels ranked by audience share in 2013, 16 were PSB main channel services or PSB-owned**. Three BSkyB-owned channels and one UKTV channel made up the five remaining channels.

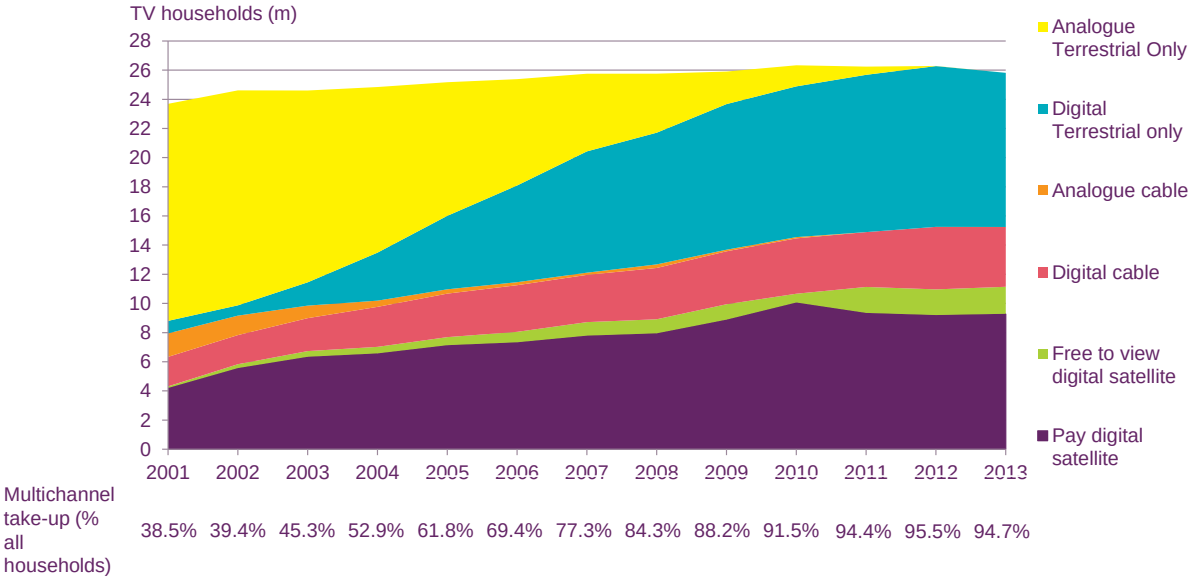
- **Despite the increased take-up of digital video recorders (DVRs), only 11% of total TV viewing was time-shifted in 2013**. According to BARB, over two-thirds (71%) of the population now have a DVR at home, up from 18% in 2007. However, the proportion of viewing among all individuals that is time-shifted has increased by only nine percentage points (from 2% in 2007 to 11% in 2013). Among DVR owners, total time-shifted viewing has increased by just one percentage point over the same period, from 15% in 2007 to 16% in 2013, the same proportion as last year.

2.3.2 Multichannel television take-up

Platform take-up

In 2013 there was a slight decline in the total proportion of households that received a multichannel signal. Since digital switchover, this is the only form of broadcast signal available in the UK. The small decline may be attributable to households who watch audio-visual content via an IP connection only, do not own a television or use a television set that does not receive any broadcast signal.

Figure 2.54 Platform take-up: 2001-2013

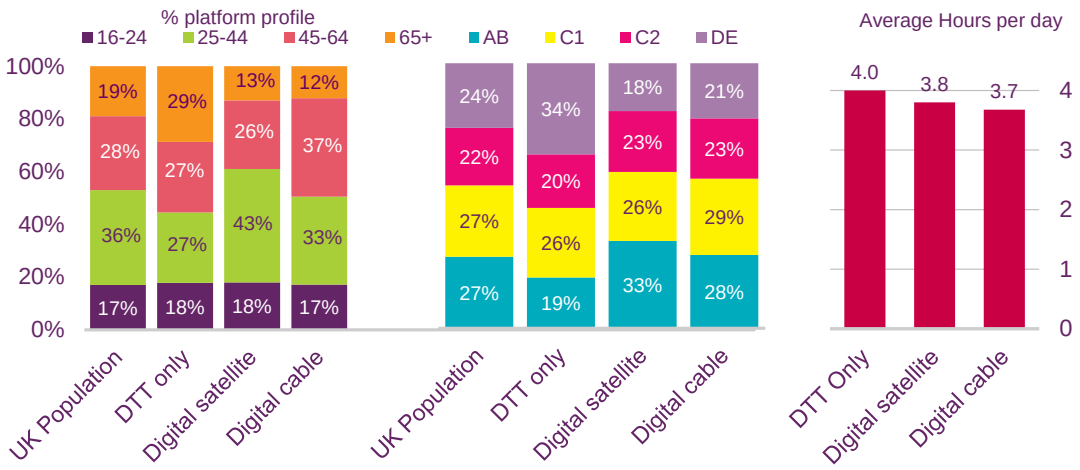


Source: BARB Establishment Survey. Note: Data points are based on Q4 data for each year.

Platform demographics

Figure 2.54 shows the age and demographic mix of TV platforms in 2013, together with television viewing by platform. Digital satellite and cable attracted a higher proportion of younger viewers (25-44) than the DTT-only platform. DTT had the highest proportion of people aged 65+ of all the digital platforms, and the highest proportion of those from DE households. Individuals in DTT-only households watched on average 4.0 hours of television per day, higher than the viewing average across those households with digital satellite or digital cable. This is probably due to the older demographic skew.

Figure 2.55 Platform demographics by age, socio-economic group and viewing hours



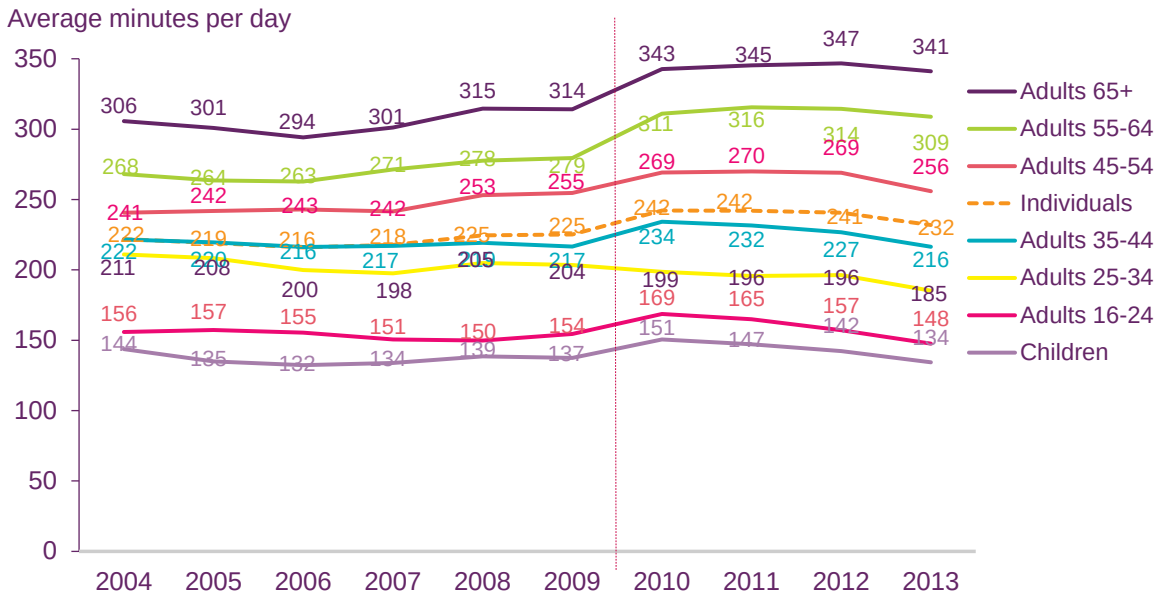
Source: Ofcom 2013 data and BARB 2013 data

Viewers watched on average just under four hours of television per day in 2013

According to BARB, the average number of minutes of television watched by individuals in the UK has grown over the past nine years, from 222 minutes (3 hours 42 minutes) a day in 2004 to 232 minutes (3 hours 52 minutes) a day in 2013. Viewing among the older age groups (45+) has increased, although for adults aged under 45, viewing has fallen over the nine years, with the 25-34 age group declining the most; from 211 minutes a day in 2004 to 185 minutes a day in 2013. Adults aged 55-64 increased their viewing minutes most; from 268 minutes a day in 2004 to 309 minutes per day in 2013.

Comparing 2013 to 2012, the data show a decline in viewing (by varying degrees) among all age groups. This is the first time a decrease has been seen among almost all groups, including the 65+ group, since 2010. *The Generation Gap* (section 1) explores the consumption differences by age in more detail while the contributory factors to the recent year-on-year decline (among all people) is examined at a high level in section 2.1.5.

Figure 2.56 Average minutes of television viewing per day, by age: all homes

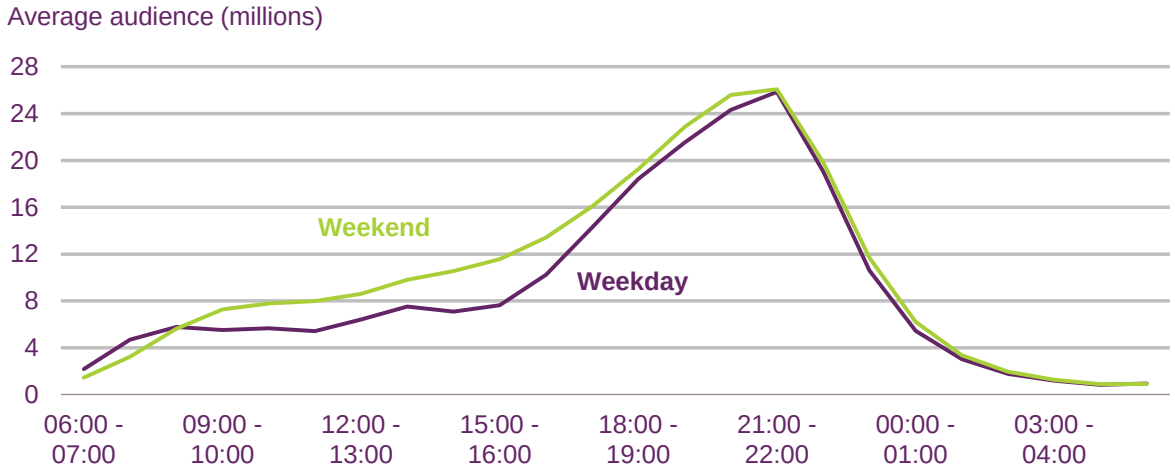


Source: BARB, Network. Note: A new BARB panel was introduced in 2010. As a result, pre- and post-panel change data must be compared with caution.

TV audiences are higher during the day at the weekends

Figure 2.57 illustrates how television audiences tend to be larger at the weekends, with a gradual increase in viewing audiences throughout the day, until peak-time viewing in the evening. This contrasts with the pattern of weekday viewing, with mini-peaks at breakfast and lunchtime, before the main peak in the evening. The only time that the weekday audience exceeded the weekend audience is during the morning breakfast slots, from 6am to 9am.

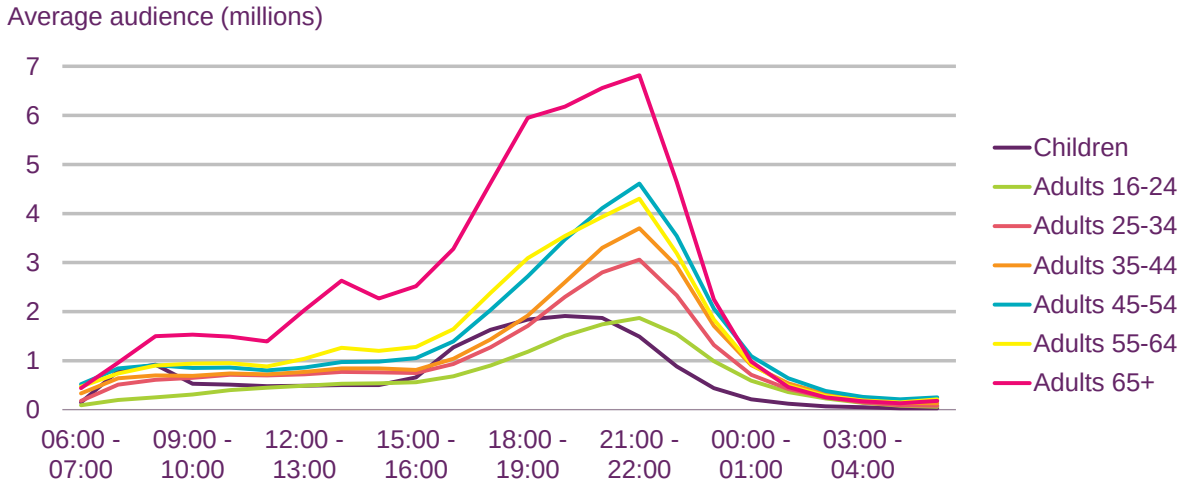
Figure 2.57 Average 2013 audiences, weekdays/weekends, by day part: all homes



Source: BARB, all Individuals 4+

Figure 2.58 depicts the age profile by time of day on weekdays. Adults aged 65+ are, overall, the largest audience group throughout the day. The volume of viewers increases among all age groups from about 4pm onwards, and reaches a peak between 9pm and 10pm. Children's viewing climbs at a steeper rate than adults' from 4pm, when they arrive home from school, and reaches a peak earlier in the evening, between 7pm and 8pm. Young adults aged 16-24 watch the least television, with a viewing peak of 1.9 million.

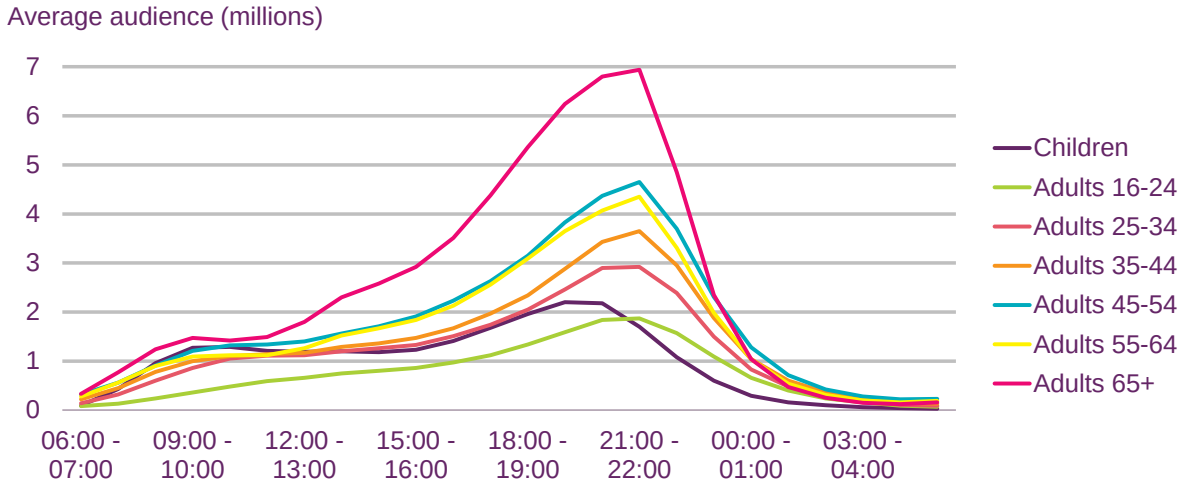
Figure 2.58 Average 2013 weekday audiences, by day part and age: all homes



Source: BARB

At weekends, the average number of viewers rises early in the morning (except among adults aged 16-24) and then gradually increases throughout the day to peak at between 9-10pm. Children's viewing peaks at about 10-11am and again between 8-9pm.

Figure 2.59 Average 2013 weekend audiences, by day part and age, all homes



Source: BARB

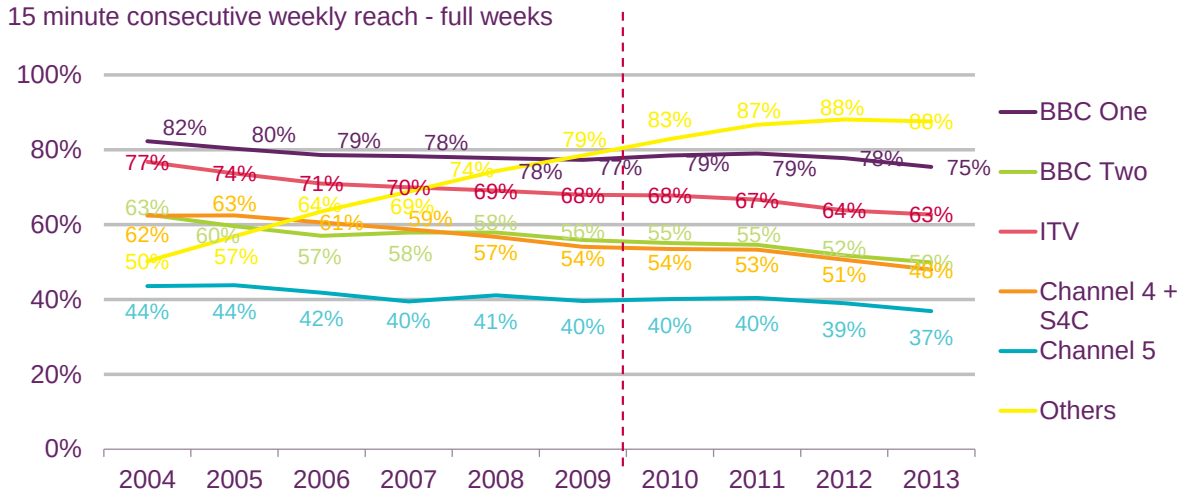
Collective reach of the multichannels is greater than each of the five main PSBs

The reach of each of the main public service broadcaster (PSB) channels has been in decline since 2004[38]. ITV and Channel 4's reach fell by the greatest amount over the nine year period (by 14 percentage points). This was followed by BBC Two, which declined by 13 percentage points and then by BBC One and Channel 5; both fell by 7 percentage points. The impact of digital switchover has increased the average weekly reach of the multichannel services combined from 50% in 2004 to 88% in 2013.

Comparing the most recent years (2012 to 2013) the data show that BBC One and Channel 4's reach has declined the most, both by three percentage points. BBC Two and Channel 5 both declined by two percentage points. ITV's reach has been the most resilient, declining by only one percentage point.

[38] The five main PSB channels are BBC One, BBC Two, ITV, Channel 4 and Channel 5 including any HD channel variants but excluding their +1 variants.

Figure 2.60 Average weekly TV reach in all homes, by channel



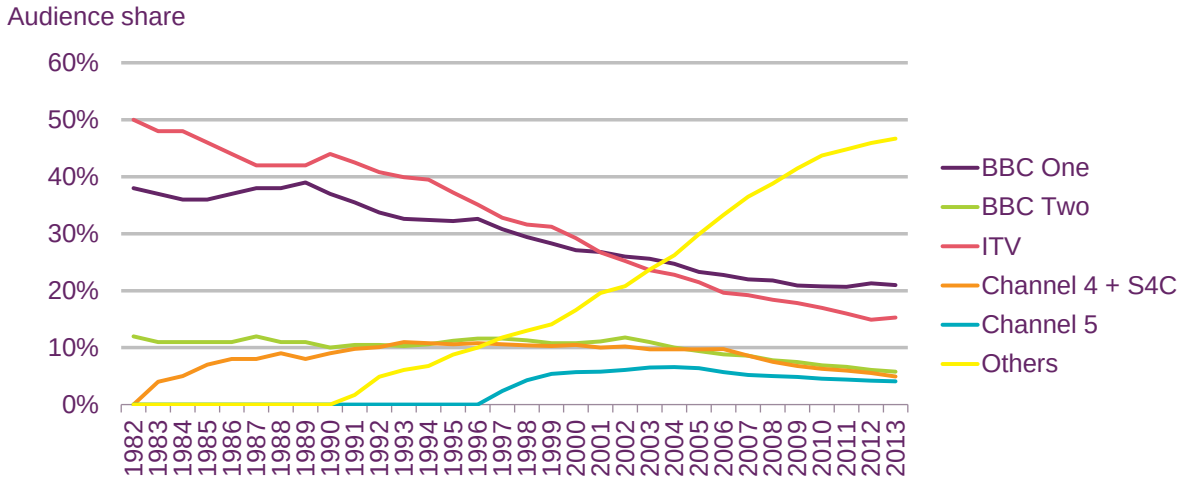
Source: BARB Note: A new BARB panel was introduced in 2010. As a result, pre- and post-panel change data must be compared with caution.
Note: In 2010 C4 ceased to carry S4C programming following digital switchover in Wales. For the purposes of this report the two channels remain labelled together in relevant charts. S4C weekly reach in 2013 was 0.5% (all homes). The five main PSB channels include viewing to their HD channel variants but exclude viewing to their +1 channels.

The combined share of the multichannels reached 47% in 2013

Over the past two decades, the audience shares of each of the main PSB channels have declined, in the face of an increase in the number of multichannels. This has particularly affected BBC One and ITV. In 2004 the combined share of the multichannels overtook any individual PSB channel, and as digital switchover (DSO) took place between 2008 and 2012, the share of viewing to the multichannels continued to increase at the expense of the main PSB channels, to reach 47% of total viewing in 2013.

The main PSB channels have a number of additional portfolio channels that sit alongside their core services. Some of these services have operated since as early as the late 1990s (Film4 and ITV2 launched in 1998 and BBC News in 1999) with other channel launches taking place a few years before DSO (ITV3 in 2004, More4 in 2005 and Five * and Five USA in 2006). These services, along with '+1' channels for PSB main channels and their other digital channels, are included in the 'other' multichannels group shown in Figure 2.61 below. Figure 2.62 details the contribution of these portfolio channels since 2004, which has continued to increase to date. The share of viewing to these portfolio channels over the long term has reduced viewing to all 'other' multichannels and has kept the share of 'other' channels broadly static in more recent years.

Figure 2.61 Channel shares in all homes: 1982 to 2013



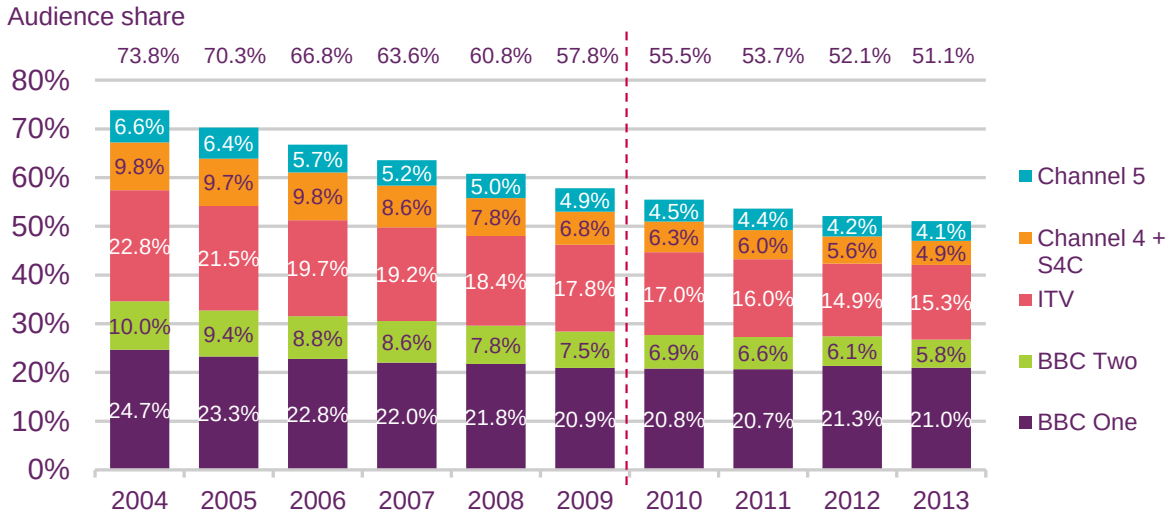
Source: BARB, TAM JICTAR and Ofcom estimates. Note: A new BARB panel was introduced in 2010. As a result, pre- and post-panel change data must be compared with caution. Note: In 2010 C4 ceased to carry S4C programming following digital switchover in Wales. For the purposes of this report the two channels remain labelled together in relevant charts.S4C 2013 channel share in all homes = 0.1%. The main five PSB channels include viewing to their HD channel variants but exclude viewing to their +1 channels.

The combined share of the main five PSB channels stood at 51.1% in 2013

Figure 2.62 shows that the combined share of the five main PSB channels[39] has continued to decline since 2004 across all homes, firstly as homes switched to digital between 2008 and 2012, and now that they have access to a greater selection of channels. Each of the five PSB channels' share has declined since 2004. Over the last nine years, since 2004, ITV's share has decreased the most; from 23% to 15%, followed by Channel 4 whose share has halved; from 10% to 5%. BBC One and BBC Two's share both declined by four percentage points and Channel 5's share declined the least, by three percentage points.

[39] *The main five PSB channels include viewing to their HD channel variants but exclude viewing to their +1 channels.*

Figure 2.62 Five main PSB channels' audience share, all homes

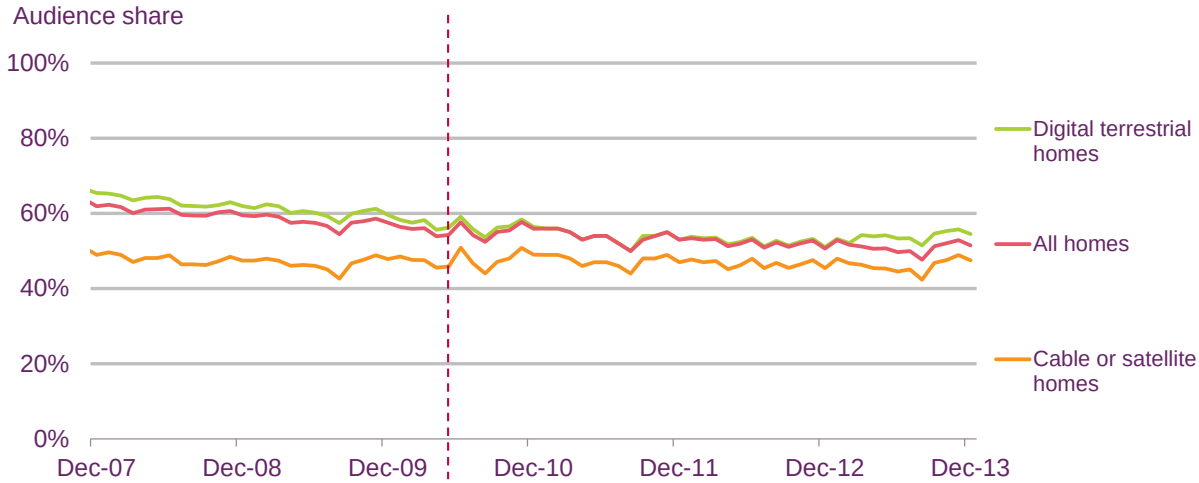


Source: BARB. Note: A new BARB panel was introduced in 2010. As a result, pre- and post-panel change data must be compared with caution. Note: In 2010 C4 ceased to carry S4C programming following digital switchover in Wales. For the purposes of this report the two channels remain labelled together in relevant charts.*S4C 2013 channel share in all homes = 0.1%. The five main PSB channels include viewing to their HD channel variants but exclude viewing to their +1 channels.*

The combined share of the main five PSB channels remains stronger in DTT homes

Figure 2.63 shows how the five main PSB channels have performed across different television platforms. The total share of the main five PSB channels has remained stronger in DTT homes than in cable or satellite homes, but the share of the main PSB channels has fallen in all types of homes.

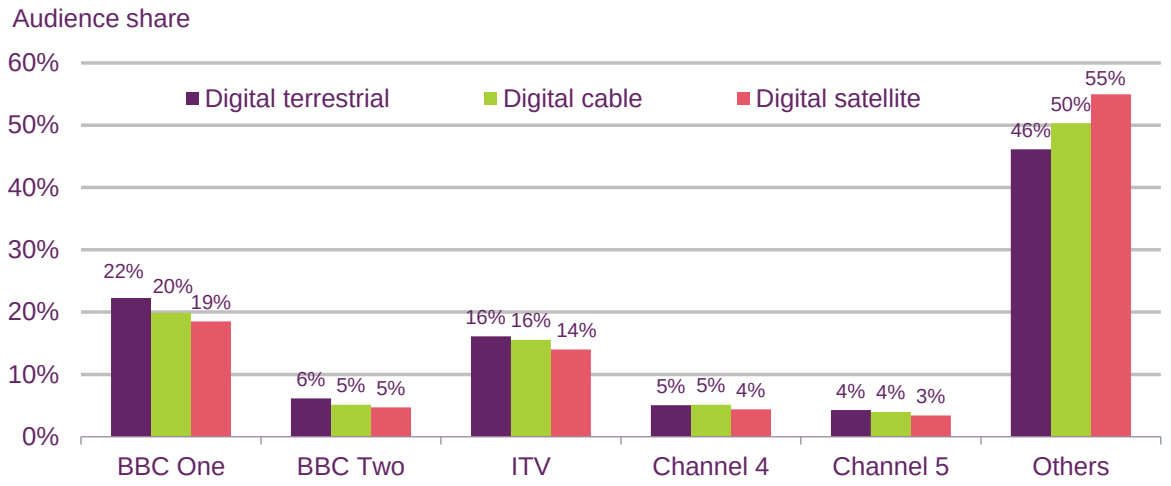
Figure 2.63 Five main PSB channels' audience shares, by platform



Source: BARB, Individuals in platform homes, based on share %. HD and SD viewing included but not +1 channel variants.
Note: A new BARB panel was introduced in 2010. As a result, pre- and post-panel change data must be compared with caution. Note: In 2010 C4 ceased to carry S4C programming following digital switchover in Wales. For the purposes of this report the two channels remain labelled together in relevant charts.S4C 2013 channel share (all homes)= 0.1%.

Figure 2.64 breaks down each of the five main PSB channel shares by platform, illustrating how the PSB and multichannel share (*others*) varies between digital terrestrial, digital cable and digital satellite viewers. In digital terrestrial homes BBC One, BBC Two, and ITV perform marginally better than in digital cable and satellite homes. The greater availability of 'other' multichannels in digital cable and satellite homes could explain why their combined share is higher in these homes than in digital terrestrial homes.

Figure 2.64 Channel share, by platform: 2013

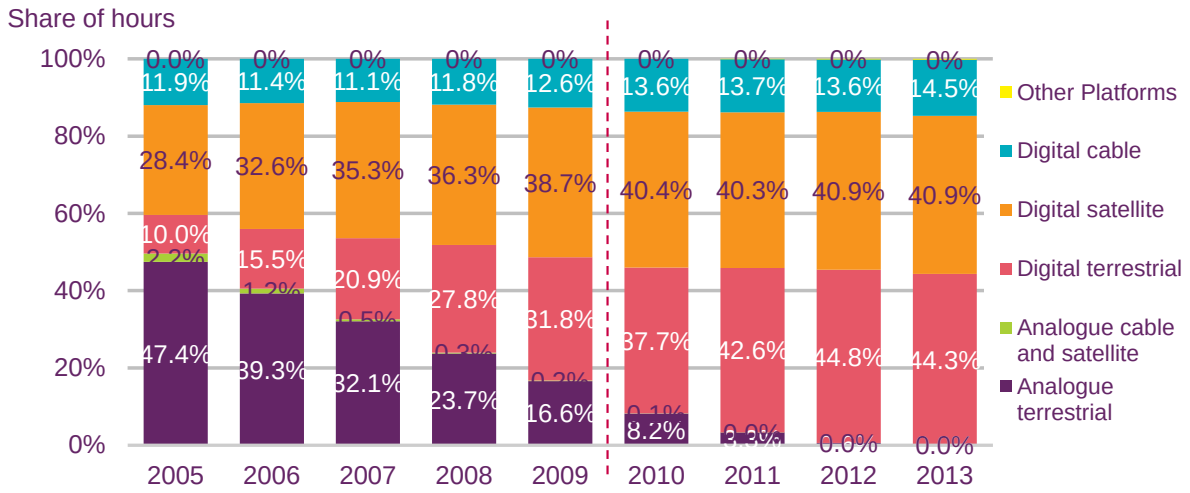


Source: BARB. Individuals in platform homes, based on share%. HD and SD viewing included for the main PSB channels but not +1 channel variants.

Viewing via digital terrestrial and digital satellite is almost evenly split

Figure 2.65 shows the proportion of total viewing hours spent through each platform signal, as a proportion of total viewing hours across all platforms. Although viewing via the digital terrestrial signal remains the most popular method of consuming television in 2013, viewing via the digital satellite signal is now just 3.4 percentage points behind (3.9 percentage points in 2012) since the digital terrestrial share fell from 44.8% in 2012 to 44.3% in 2013. In 2013 there was an increase in the share of total hours of viewing consumed via the digital cable signal, from a stable 13.6% since 2010 to 14.5% in 2013.

Figure 2.65 Share of total TV viewing hours, by platform signal

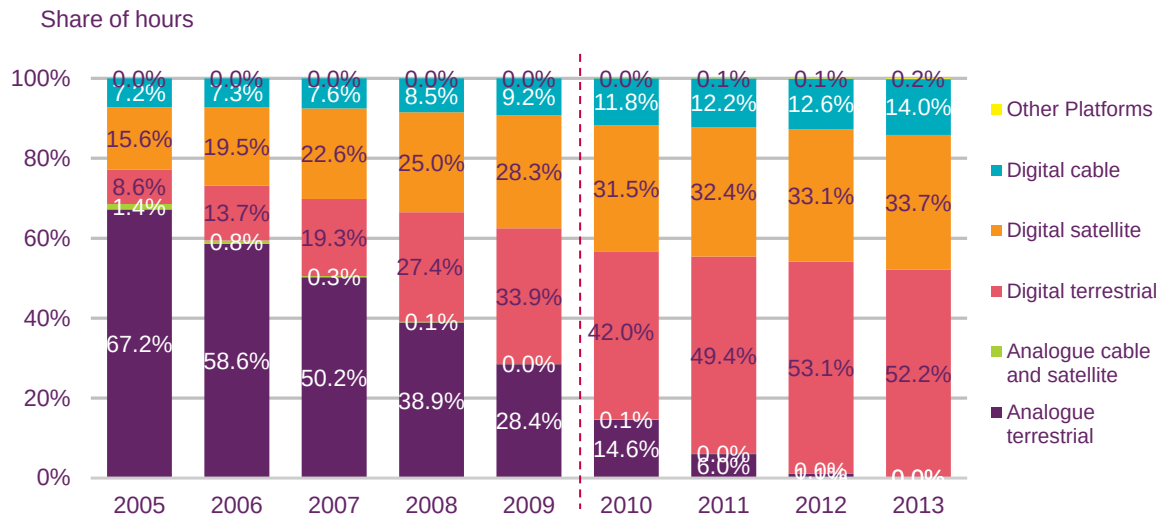


Source: BARB, all Individuals, total hours. Note: New BARB panel introduced in 2010. As a result, pre- and post-panel change data must be compared with caution.

Over half of all viewing of the main PSB channels takes place via the digital terrestrial signal

The digital terrestrial platform still accounted for over half of all viewing to the main PSB channels, but this figure has fallen: from 53.1% in 2012 to 52.2% in 2013. Total viewing to the main PSBs via the digital satellite signal increased slightly; from 33.1% in 2012 to 33.7% in 2013, but digital cable grew the most, increasing by 1.4 percentage points from 12.6% in 2012 to 14.0% in 2013.

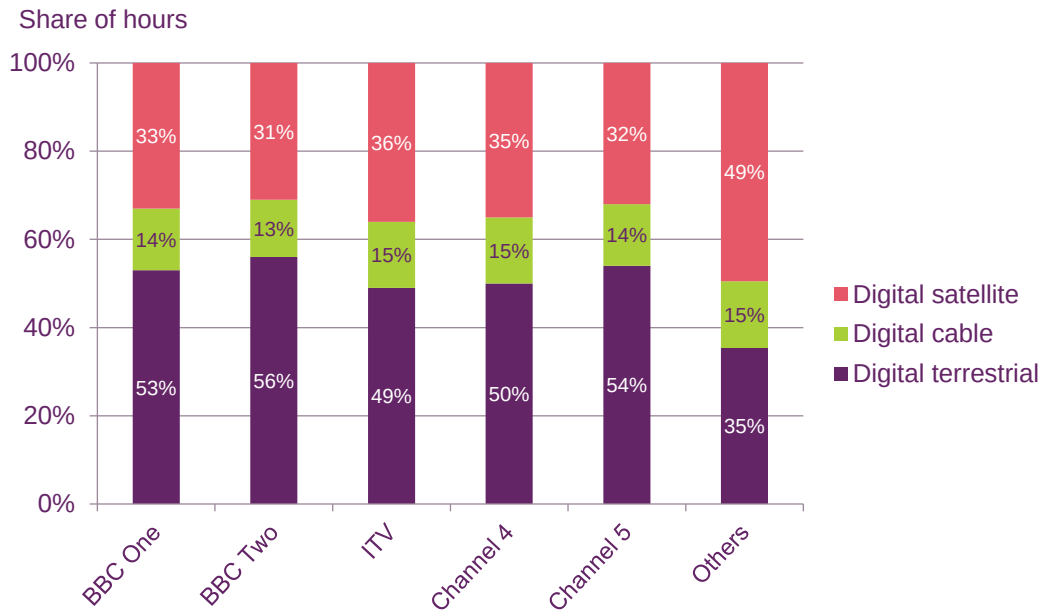
Figure 2.66 Five main PSB channels' share of total hours, by platform signal



Source: BARB, all Individuals, total hours. Note: New BARB panel introduced in 2010. As a result, pre- and post-panel change data must be compared with caution. HD and SD viewing included but not +1 channel variants.

Viewing to each of the main PSB channels was higher via the digital terrestrial signal, taking more than half of all viewing to BBC One, BBC Two and Channel 5, and about half of all viewing to Channel 4 and ITV (Figure 2.67). BBC Two performed the best on the digital terrestrial platform, accounting for 56% of all viewing. For viewing to the remaining 'other' channels, digital satellite accounted for 49%, followed by digital terrestrial at 35%, with digital cable accounting for the remainder of viewing, at 15%.

Figure 2.67 Share of viewing hours for main PSB channels and other channels, by platform signal: 2013



Source: BARB. All individuals, total hours. HD and SD viewing included for the five main PSBs but not +1 channel variants.

The main five PSBs and their portfolio channels together attracted 72.4% of total viewing in multichannel homes[40]

The PSB portfolio channels have seen an increase in share in multichannel homes: from 7.4% in 2004 to 21.4% in 2013. The main five PSB channels had stable shares between 2004 and 2006 (between 57.5% and 57.6% share) before small yearly decreases from 2007, to reach a 51.1% share in 2013. However, taking the main PSBs and their portfolio channels together, their combined share in multichannel homes has increased from 64.9% in 2004 to 72.4% in 2013, a slight decline from 72.9% in 2012. The share of viewing to all 'other' digital channels increased slightly; by 0.7 percentage points in 2013.

[40] Analysis is based upon multichannel homes in order to capture long-term viewing trends spanning the analysis period up to the completion of digital switchover in October 2012 and for the latest year. 2013 data will reflect viewing from homes with 100% digital reception.

Figure 2.68 PSB, PSB portfolio channels and other channels' shares in multichannel homes

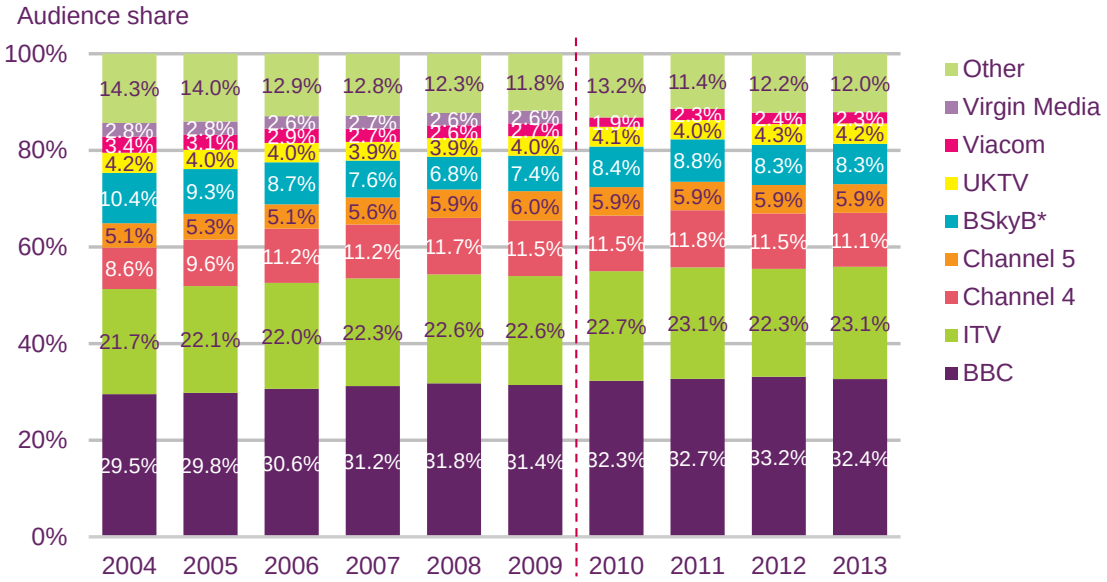
Source: BARB. Note: A new BARB panel was introduced in 2010. As a result, pre- and post-panel change data must be compared with caution. The five main PSB channels include viewing to their HD channel variants but exclude viewing to their +1 channels.

The BBC channels combined accounted for the largest share of viewing in multichannel homes

Figure 2.69 illustrates the total audience shares in multichannel homes of each of the major broadcasting groups. Each of the PSB broadcaster groups has seen an overall increase in viewing share since 2004. Their portfolio channels are responsible for this increase in overall share, and this demonstrates the growing contribution of these channels to each main PSB broadcaster's share overall.

The BBC group of channels attracted the largest share of viewing, at 32.4%, up from 29.5% in 2004, although this figure has declined from 33.2% in 2012.

Figure 2.69 Broadcaster portfolio shares in multichannel homes

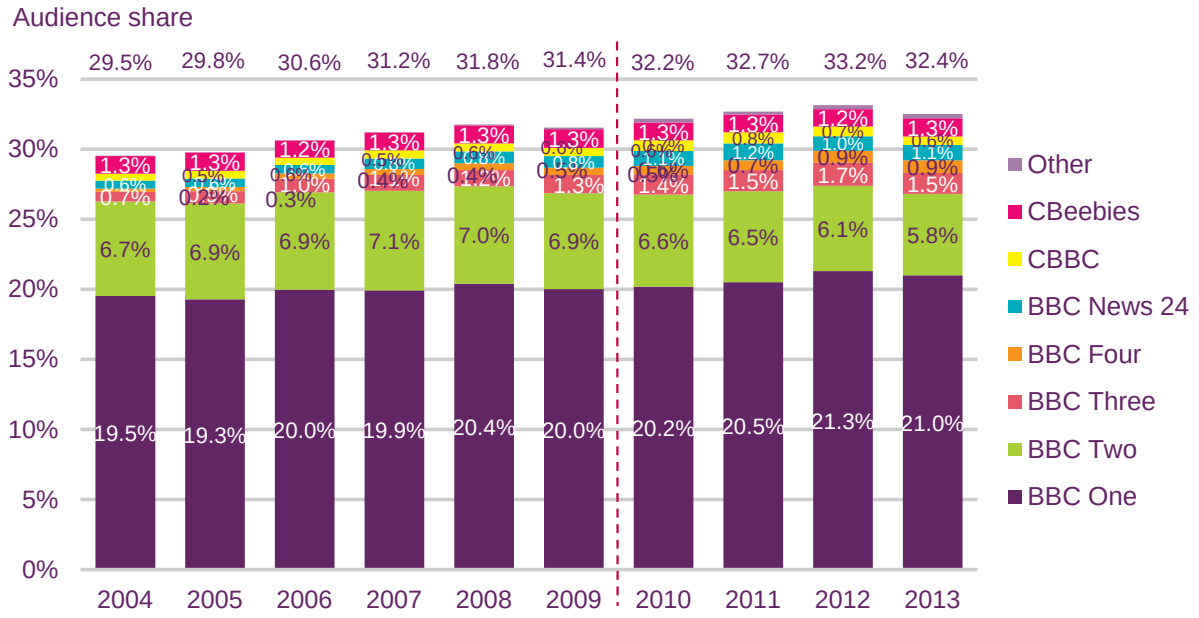


Source: BARB. Note: A new BARB panel was introduced in 2010. As a result, pre- and post-panel change data must be compared with caution. BSkyB took ownership of VMTV in June 2010, Virgin Media TV portfolio shares are included in the BSkyB figure for the whole of 2010. ITV includes all ITV network channels, not just those owned by ITV plc.

BBC One continues to be the most-watched BBC channel

The BBC's overall portfolio share has increased from 29.5% in 2004 to 32.4% in 2013, although this is a slight decrease on the 2012 figure of 33.2%. This slight drop is the first since 2009. BBC One accounted for the largest share of the audience in 2013, at 21%, followed by BBC Two at 5.8%, both figures slightly down on 2012. BBC Three has increased in share year on year since 2004, to reach 1.5% in 2013; however, this was also slightly down on the 2012 figure of 1.7%. While all the BBC portfolio channels have either grown or remained stable since 2004, the only channels to maintain growth in 2013 compared to 2012 were BBC News and Cbeebies.

Figure 2.70 BBC portfolio share in multichannel homes

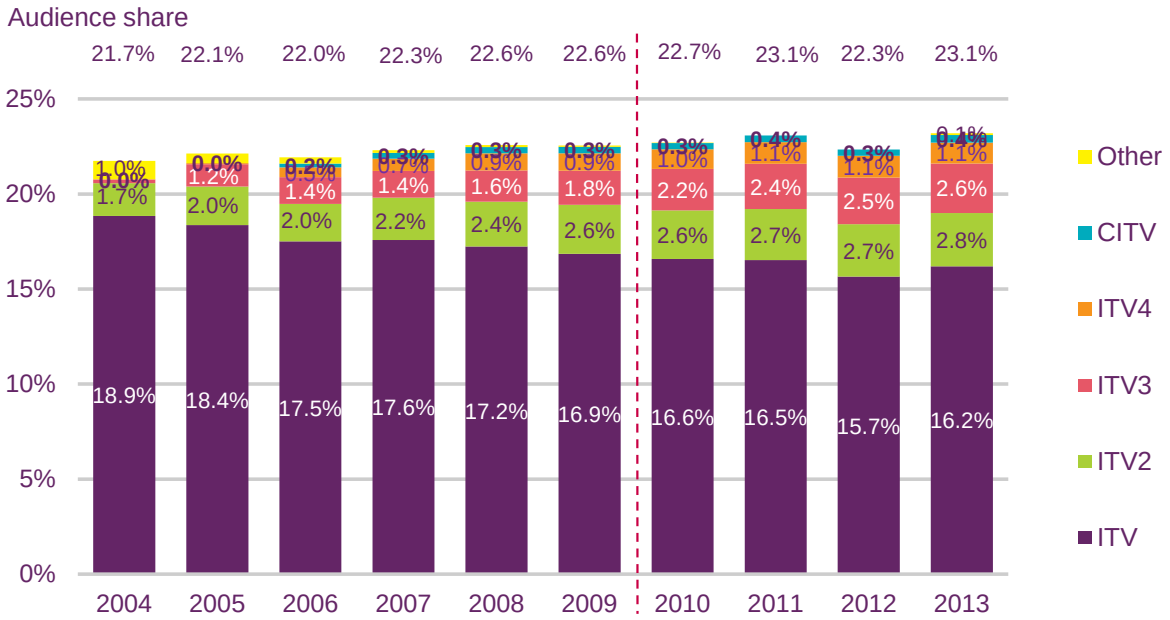


Source: BARB Note: 'Other' includes BBC Parliament, BBC Choice, BBC HD and BBC Knowledge. The 24 BBC Olympics channels have been excluded from 2012 share and accounted for 0.21% share. A new BARB panel was introduced in 2010. As a result, pre- and post-panel change data must be compared with caution. HD and SD viewing are included.

ITV's main channel share increases

ITV's combined portfolio share has increased since 2004; from 21.7% to 23.1% in 2013. However, the individual channel contributions have varied over time. ITV's main channel's share has declined since 2004, however in 2013 it increased for the first time since 2007; up by 0.5 percentage points on 2012. ITV2 has increased its share by just over one percentage point over the ten-year period. This is also the case for ITV4, which has increased its share from 0.5% in 2006 to 1.1% in 2013. ITV3's share has grown by the greatest proportion. Its share has more than doubled; from 1.2% in 2005 to 2.6% in 2013; and it is now on a par with ITV2.

Figure 2.71 ITV portfolio shares in multichannel homes

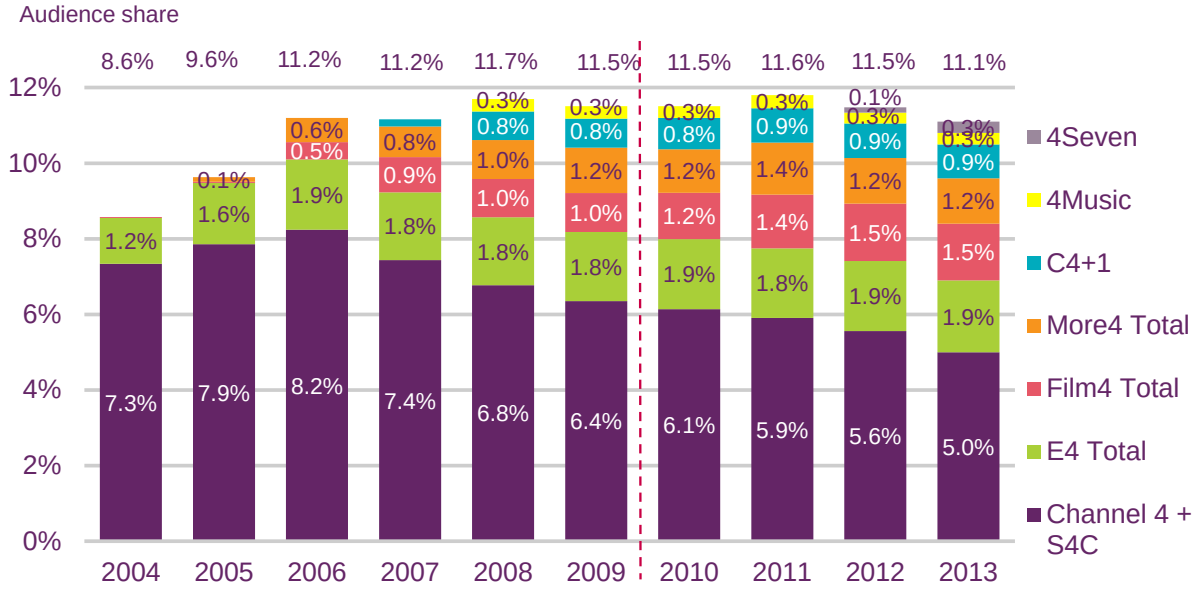


Source: BARB. Note: 'Other' includes (when relevant) ITV Play, Men & Motors, GMTV2, Granada Breeze, Plus and ITV News. ITV, ITV2, ITV3 and ITV4 shares include their respective HD and +1 services.
Note: A new BARB panel was introduced in 2010. As a result, pre- and post-panel change data must be compared with caution.

Channel 4's portfolio continues to lose share

Channel 4's total portfolio share in multichannel homes has increased from 8.6% in 2004 to 11.1% in 2013, peaking at 11.7% in 2008. Since 2006, when Channel 4's main channel peaked at 8.2% share, it has declined each year until in 2013 its share was 5.0%. The top-line portfolio share figure has remained fairly stable due to the increases in share of Channel 4's digital channels, but in 2013 the portfolio share figure fell a further 0.4 percentage points compared to 2012. This was due to the fall in share of the Channel 4 main channel by 0.6 percentage points and a subsequent lack of growth to compensate for this loss among the digital channels. E4's share has remained fairly stable since 2006; by contrast, Film4 and More4 both increased their share over the same period, but have remained stable over the past couple of years. Since its introduction in 2007, Channel 4 +1's share has been steady from 2008 to 2013.

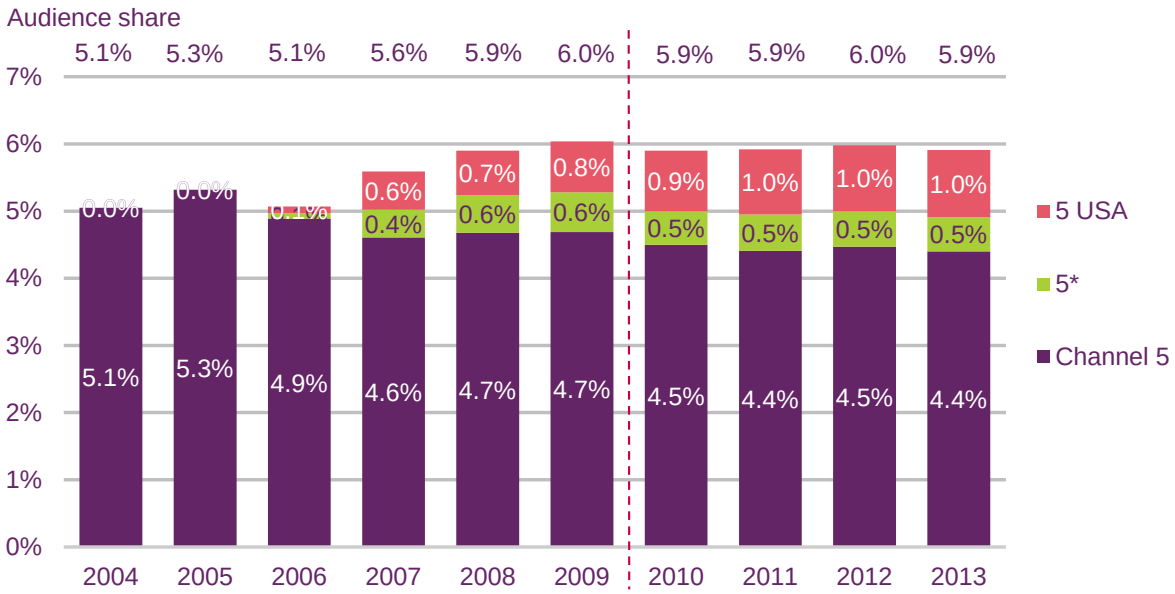
Figure 2.72 Channel 4 portfolio shares in multichannel homes



Source: BARB. Note: A new BARB panel was introduced in 2010. As a result, pre- and post-panel change data must be compared with caution. E4, More4 and Film 4 respective +1 and HD channel shares are included. 4Seven launched 4th July 2012. Note: In 2010 C4 and S4C became two separate channels following digital switchover in Wales. For the purposes of this report the two channels remain labelled together in relevant charts. HD and SD viewing included.

Like the other PSB broadcasters, Channel 5's introduction of its digital channels at the end of 2006 helped increase its overall share from 5.1% in 2005 to 5.9% in 2013. However, the main channel's share has declined; from 5.1% in 2004 to 4.4% in 2013. Since 2007, 5*'s share has remained stable, whereas 5 USA has increased from 0.6% in 2007 to 1.0% in 2013.

Figure 2.73 Channel 5 portfolio shares in multichannel homes

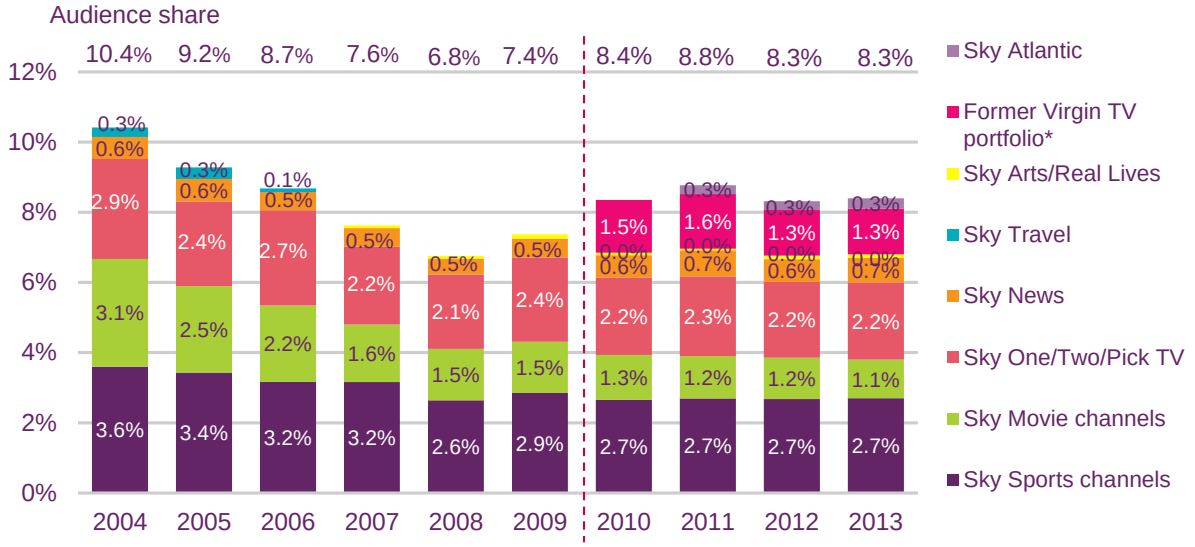


Source: BARB. Note: Channels include their HD and +1 services.
Note: A new BARB panel was introduced in 2010. As a result, pre- and post-panel change data must be compared with caution.

BSkyB's viewing share maintained in 2013

BSkyB's portfolio channels achieved an 8.3% share in 2013 in multichannel homes, remaining stable year on year. Overall, the broadcaster's share has declined from 10.4% in 2004 to 8.3% in 2013.

Figure 2.74 BSkyB portfolio shares in multichannel homes

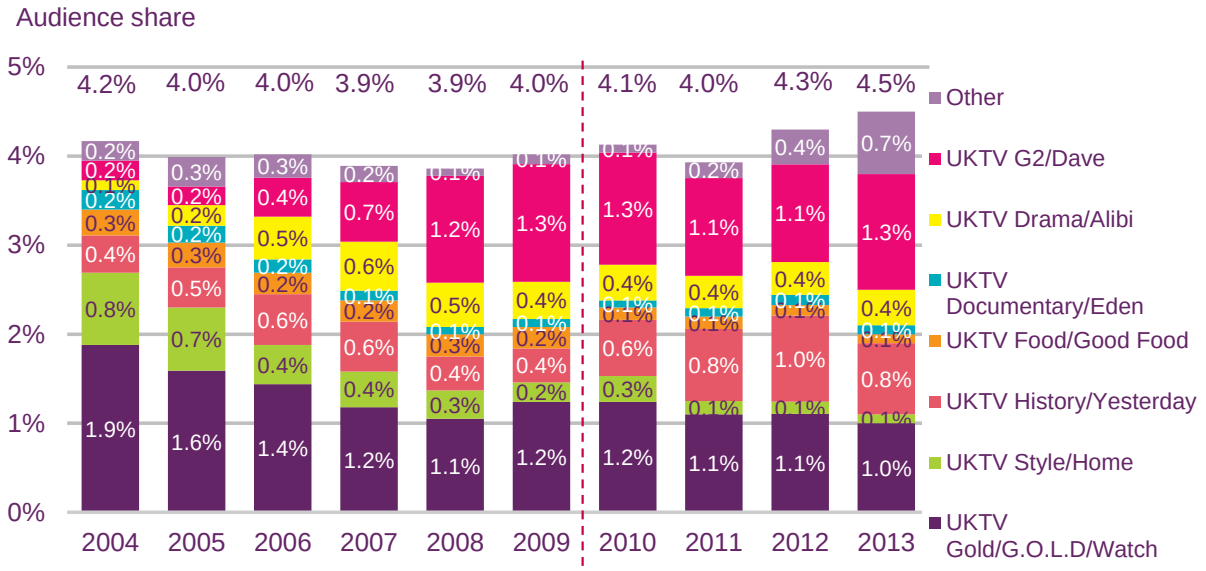


*Source: BARB. Note: A new BARB panel was introduced in 2010. As a result, pre- and post-panel change data must be compared with caution. *BSkyB took ownership of VMTV in June 2010, Virgin Media TV portfolio shares are included in the BSkyB figure for the whole of 2010 onwards. HD,SD and +1 viewing are included.*

UKTV's aggregate share in multichannel homes increased in 2013

The individual channels which have been responsible for maintaining the broadcasters' overall share are *Dave*, which increased from 1.1% to 1.3% share in 2013 from 2012, *Yesterday*, which contributed 0.8% to the broadcasters' share although this figure has declined slightly from 1.0% in 2012, and Watch, which has also declined from 1.1 in 2012 to 1.0% in 2013. New channel *Drama*, which launched mid-2013, added 0.33% share to all other channels in the UKTV portfolio to 0.7%. It is responsible for the slight year-on -year share increase for the broadcaster which would otherwise have had static share.

Figure 2.75 UKTV portfolio shares in multichannel homes



Source: BARB. Note: In 2008 figures, new channel names and shares have been matched to old channels. Dave went live in Oct 2007. Drama launched in July 2013 and is included in 'Other'. Note: A new BARB panel was introduced in 2010. As a result, pre- and post-panel change data must be compared with caution. HD, SD and +1 viewing are included.

Figure 2.76 shows the individual channels ranked by share in multichannel homes. The top five channels are the main PSB channels. The PSB-owned channels also ranked highly, with 11 of the remaining 15 channels being owned by the main PSB broadcasters. Dave increased its share ranking the most, moving from fifteenth place in 2012 to eleventh place in 2013. Film4 moved up to ninth place, from tenth in 2012, and Sky One also moved up one place; from twentieth to nineteenth in 2013. BBC Four made the top 20 in 2013.

Figure 2.76 The top channels by share in multichannel homes: 2012 to 2013

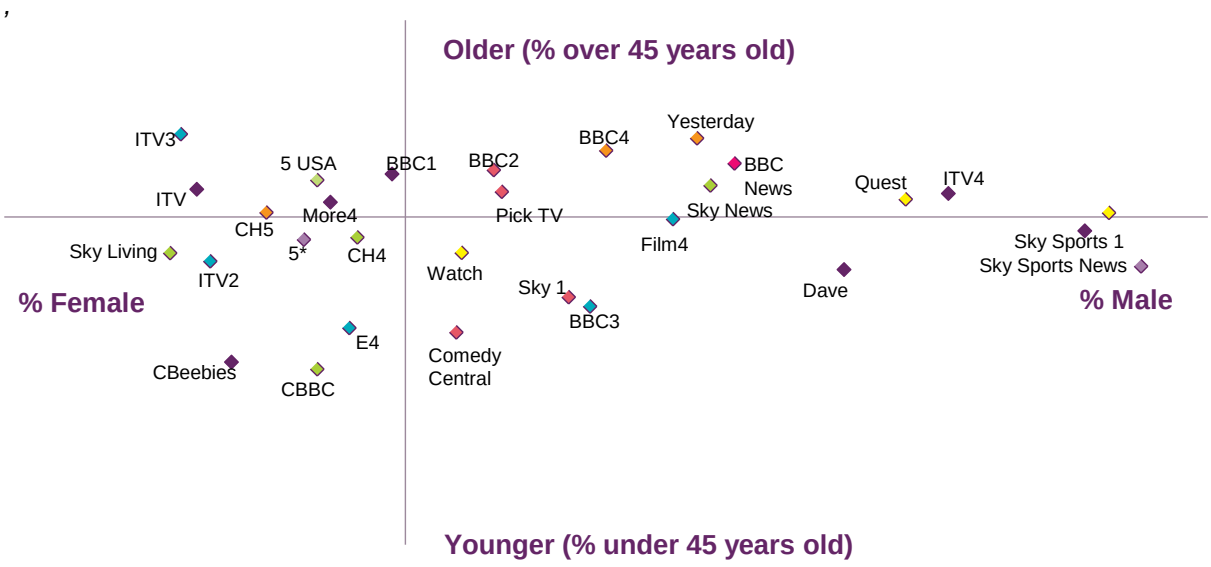
	Share	Rank			Share	Rank	
Channel	2013	2013	2012	Channel	2013	2013	2012
BBC One	21.0%	1	1	Dave	1.3%	11	15
ITV	16.2%	2	2	Cbeebies	1.3%	12	11
Channel 4	5.8%	3	3	More4	1.2%	13	12
BBC Two	5.8%	4	4	ITV4	1.1%	14	14
Channel 5	4.4%	5	5	Sky Sports 1	1.1%	15	13
ITV2	2.8%	6	6	BBC News	1.1%	16	16
ITV3	2.6%	7	7	5 USA	1.0%	17	17
E4	1.9%	8	8	Pick TV	1.0%	18	18
Film4	1.5%	9	10	Sky One	1.0%	19	20
BBC Three	1.5%	10	9	BBC Four	0.9%	20	n/a

Source: BARB. Note: Includes SD, HD and +1 channel services.

Figure 2.77 plots the age and gender distribution of the 30 most-viewed channels in multichannel homes in 2013. This is calculated relative to the TV population average (which

includes children). Slightly more channels attracted older male audiences. With the exception of Channel 4, the remaining main PSB channels all skewed slightly older. ITV and Channel 5 both skewed slightly more female than Channel 4 and BBC One, with BBC Two appearing to skew slightly more male.

Figure 2.77 Age and gender profile of the 30 most-viewed channels in multichannel homes: 2013

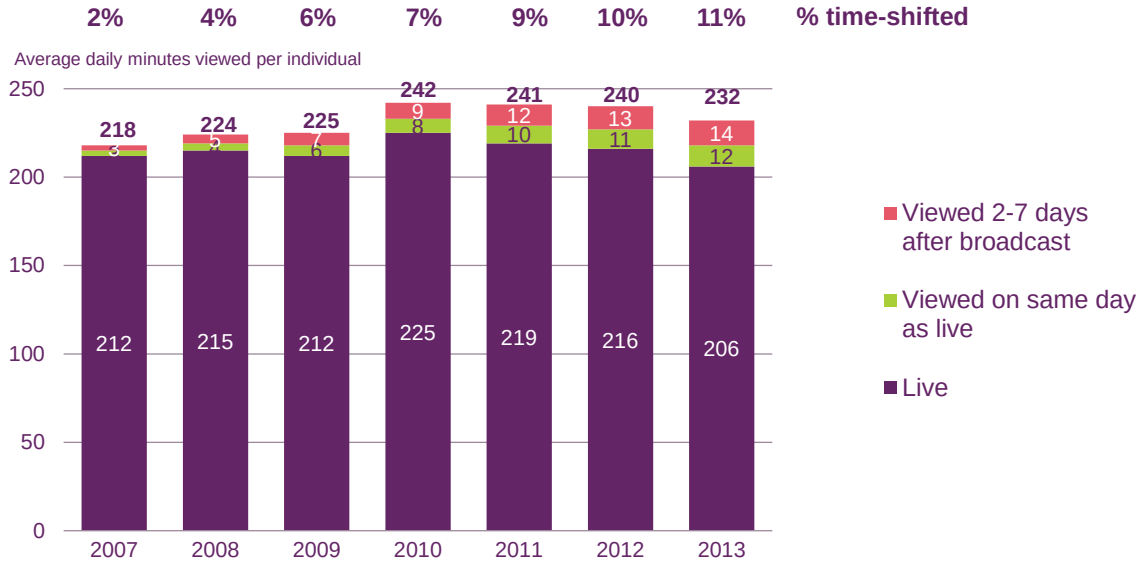


Source: BARB Note: The profile of a channel is calculated relative to the television population in multichannel homes. Includes channel's SD, HD and +1 services.

The proportion of time-shifted viewing continues to grow, albeit very slowly. Live viewing is still the main way that people watch TV.

Among all homes, the proportion of viewing accounted for by time-shifted viewing increased marginally in 2013, by one percentage point (from 10% in 2012 to 11% in 2013), and by two percentage points since 2011. Since 2007 the proportion of DVR and catch-up viewing in the last seven days has grown by one to two percentage points year on year, to reach 11% in 2013. Total viewing minutes overall declined by nine minutes per day: from 240 minutes in 2012 to 232 minutes in 2013, with most of the decrease attributed to live viewing. However, as a proportion of all viewing, live viewing remains steady; 90% in 2012 and 89% in 2013.

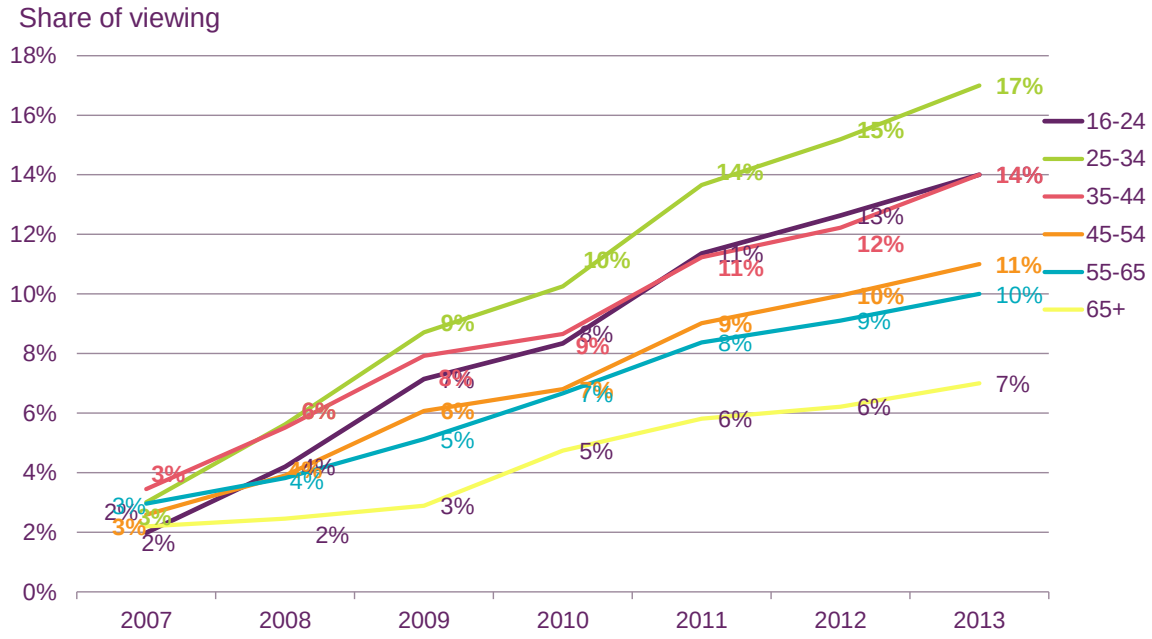
Figure 2.78 Live versus time-shifted viewing: all Individuals



Source: BARB, individuals 4+, Network based on average daily minutes. Some variation in figures due to rounding. Note: New BARB panel introduced in 2010. As a result, pre- and post-panel change data must be compared with caution. All viewing (via a TV set) of broadcast content watched within 7 days after broadcast is reported by BARB. This includes viewing to programmes stored on recording devices and through player services such as BBC iPlayer, ITV Player, 4OD etc

Figure 2.79 details the demographic differences with regard to time-shifted viewing among all adults. Under-45s are more likely to time-shift their viewing, with the 25-34 group time-shifting the greatest amount of their viewing; at 17% in 2013, up from 15% in 2012. The 16-24 and 35-44 age groups time-shift roughly the same proportion, at 14% in 2013. Adults aged 65+ time-shift their viewing the least.

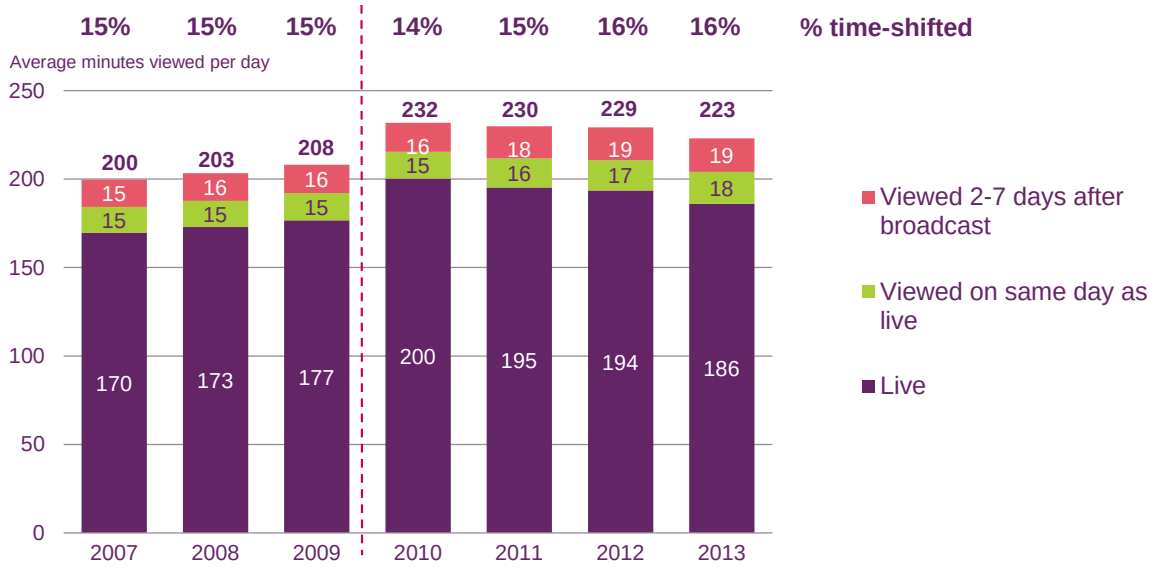
Figure 2.79 Proportion of time-shifted viewing, by age: all adults



Source: BARB, network, based on average daily minutes. Note: New BARB panel introduced in 2010. As a result, pre- and post-panel change data must be compared with caution.

Among all individuals with a DVR in the home, live viewing is also the main way that TV is watched. In 2013 live TV made up 83% of all viewing; one percentage point less than in 2012.

Figure 2.80 Live versus time-shifted viewing: individuals in DVR homes



Source: BARB, DVR Individuals 4+, Network, based on average daily minutes. Some variation in figures due to rounding.
Note: A new BARB panel was introduced in 2010. As a result, pre- and post-panel change data must be compared with caution. All viewing (via a TV set) of broadcast content watched within 7 days after broadcast is reported by BARB. This includes viewing programmes stored on recording devices and through player services such as BBC iPlayer, ITV Player, 4oD etc

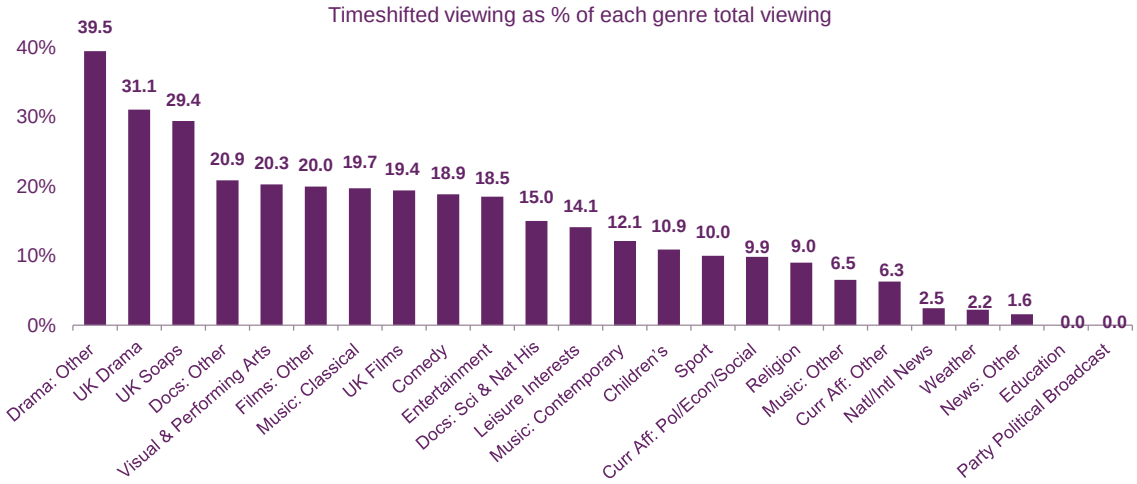
Figure 2.81 plots the take-up of DVRs among the UK population against the proportion of their viewing that is time-shifted, over time. Despite a maturing of the DVR market, the proportion of viewing that is time-shifted has remained virtually static since 2007 at around 15% of total TV viewing. This suggests that the incremental year-on-year growth in time-shifted viewing among all individuals since 2007 (as shown in Figure 2.79) can be attributed in the main to increased take-up of DVRs, rather than growth in use among DVR users. Watching programmes at the time of broadcast continues to endure, among all viewers.

Figure 2.81 DVR take-up and time-shifted viewing: DVR individuals

Source: BARB, Network , DVR Individuals 4+.
Note: New BARB panel introduced 1st Jan 2010. As a result, pre- and post-panel change data must be treated with caution (see dotted line).

Among DVR owners, time-shifted viewing varies greatly by programme type. The nature of some programmes, such as news and sports, demand immediate viewing at the time of broadcast, while other genres such as drama and soaps are more likely to be recorded or watched through catch-up services. In 2013, the proportion of time-shifted viewing of drama and soaps ranged from 39.5% to 29.4% of total viewing to each genre respectively.

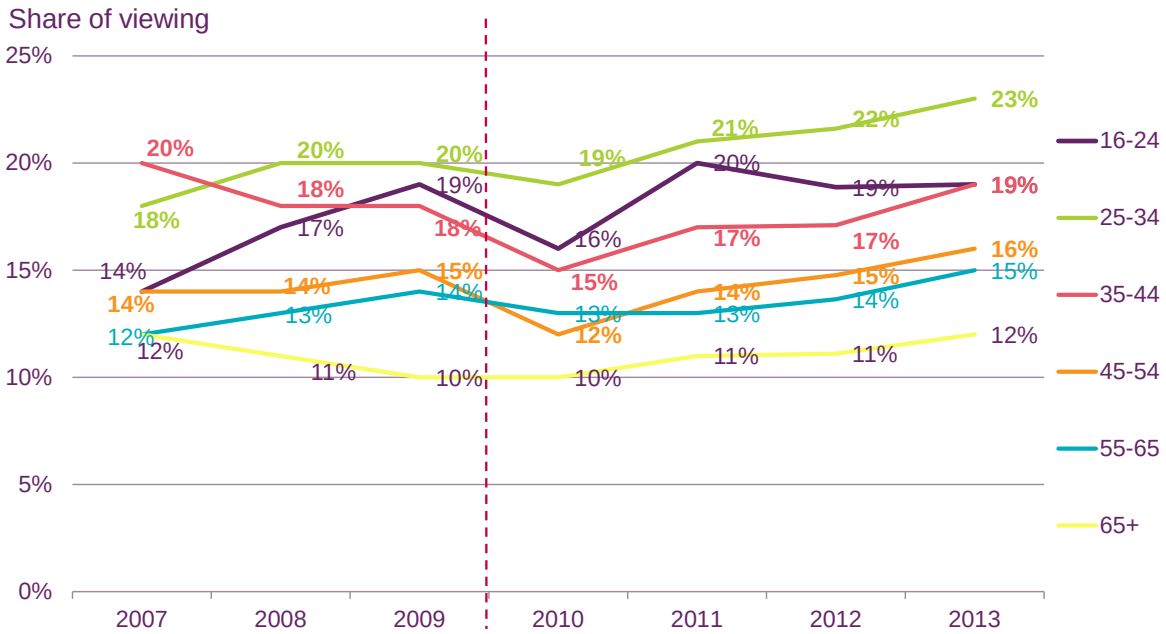
Figure 2.82 Proportion of total time-shifted TV viewing by genre, DVR individuals: 2013



Source: BARB, DVR individuals 4+. Based on total minutes of viewing of each genre.

Among adults with a DVR, almost all demographic groups showed an increase in the proportion of viewing that was time-shifted of at least one percentage point (35-44s by two percentage points) compared with 2012. The 25-34 age group time-shifted the highest proportion of their viewing, at almost a quarter. Adults aged 16-24 were the only age group whose time-shifted viewing has remained at the same proportion as 2012.

Figure 2.83 Proportion of time-shifted viewing, by age: DVR adults



Source: BARB, all individuals, based on total minutes. Note: New BARB panel introduced in 2010. As a result, pre- and post-panel change data must be compared with caution.

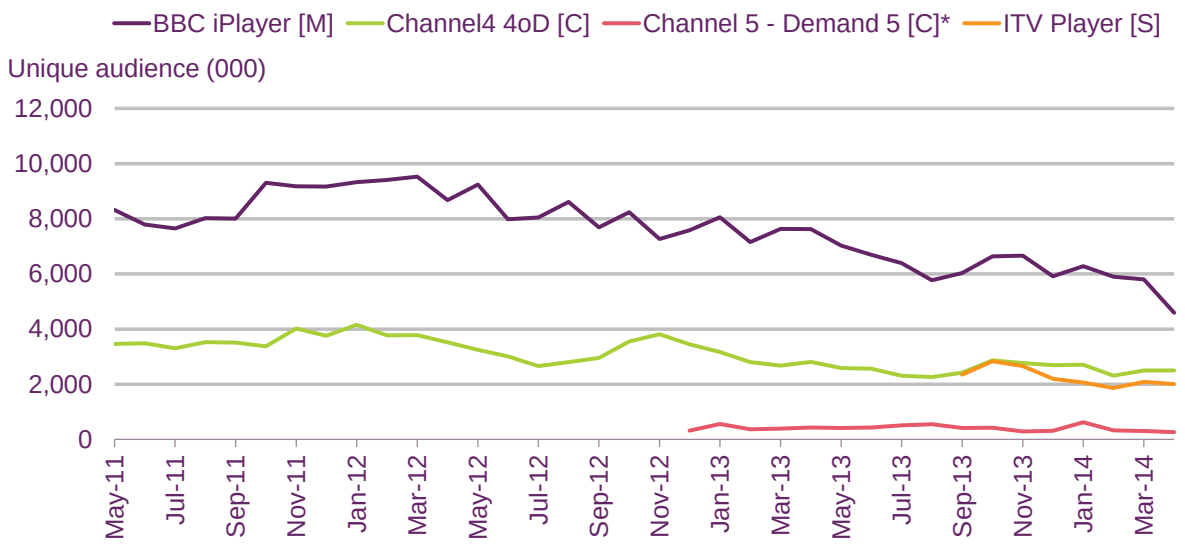
2.3.3 Use of online catch-up TV

Online catch-up services via PC and laptops are in decline

According to comScore MMX data, BBC iPlayer remains the most popular TV catch-up service across PCs and laptops. In April 2014 it attracted 4.6 million unique visitors to its website via these devices. This is almost double the number of unique visitors to 4oD's website (2.5 million). ITV Player attracted 2 million unique viewers and Channel 5's Demand 5 attracted the fewest visitors to its website, at 263,000.

The trend data show that both iPlayer and 4oD have seen large decreases in total unique visitors over time. Visitors to the iPlayer website have decreased by 105% in just over two years, from a high of 9.4 million in February 2012. 4oD visitors have decreased by 66% since a recorded high of 4.2 million in January 2012. These decreases are likely to be a result of people accessing catch-up TV content through other devices that have become available in recent years: smartphones, tablets, internet-enabled set-top boxes and connected TVs (see Figure 2.85).

Figure 2.84 Unique audience of online catch up services' websites on PC/laptop



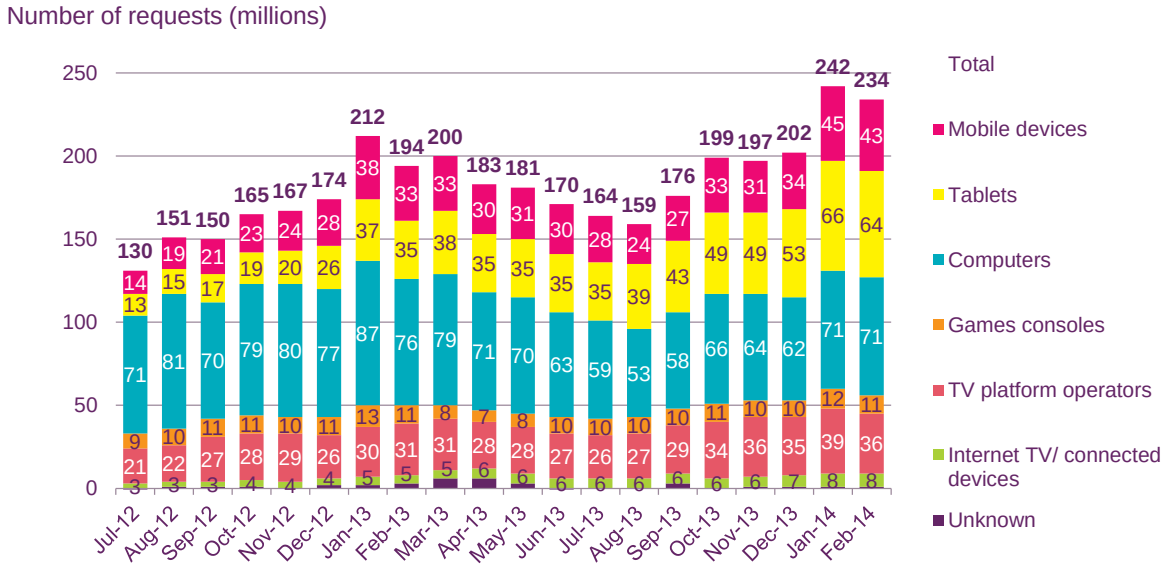
Source: comScore MMX, home and work panel, May 2011 to April 2014.MMX Legend: [P] Property, [M] Media Title, [C] Channel. Further explanations of these dictionary terms are provided in section 4.

The use of smartphones and mobile devices to request iPlayer content is on the rise

According to the BBC's official statistics, in February 2014 BBC iPlayer attracted 234 million TV requests. This is down 10 million on the previous month, but a year-on-year increase of 21%. The BBC has attributed fluctuations in requests over the course of the year to seasonal patterns of viewer behaviour, with a peak number of requests noted in both January 2013 (212 million) and January 2014 (242 million). Demand appears to decline during the warmer months (see Figure 2.85).

In February 2014 there were 234 million programme requests, of which 107 million came from either tablets or mobile devices, up from 68 million a year earlier. Changes in the technology marketplace, particularly in the tablet market, means more people may choose to take advantage of new technology to access online content. This combined total is now greater than the number of requests which come from laptop and desktop computers (71 million).

Figure 2.85 Requests for TV programmes from BBC iPlayer, by device type



Source: BBC. Note: Internet TV / connected devices include Freeview and Freesat smart TVs, set-top-boxes and devices like Roku and Blu-ray DVD players. TV platform operators include Virgin Media and BT Vision. Games consoles comprise Sony PS3, Nintendo Wii and Microsoft XBox 360. An update in iStats AV meant that PS3 devices were incorrectly classified as unknown devices between18 Feb and 21 May 2013.

2.3.4 Use of online TV and film streaming services

Netflix continues to be the most popular TV and film streaming service

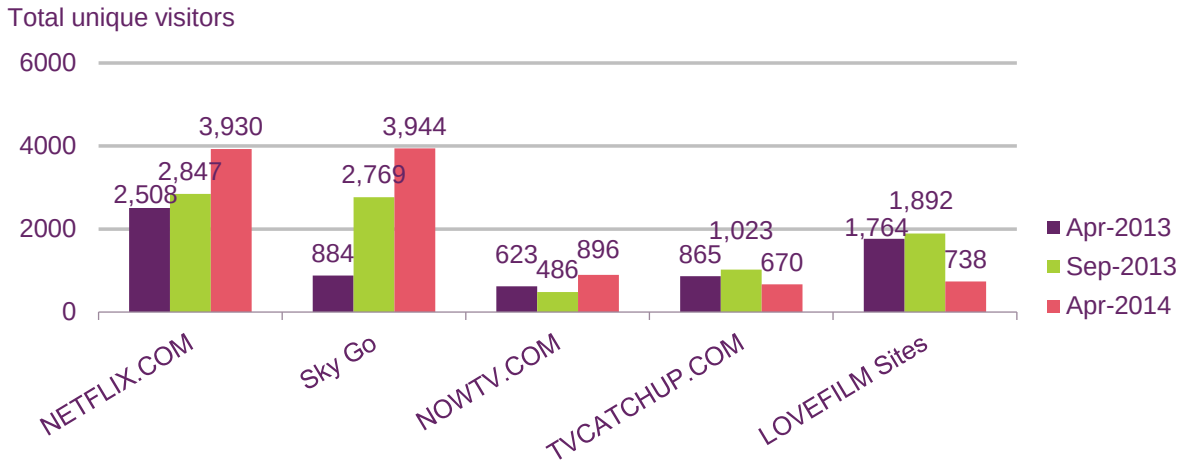
Figure 2.86 shows the unique audience of selected VOD provider websites. As in some cases actual user numbers of these services are not published, we have taken visitor numbers to their websites as a proxy to determine relative popularity among consumers.

According to comScore MMX-MP data, the unique audience of US film streaming service Netflix' website has continued to grow. The site received 3.9 million unique visitors in April 2014, an increase of 57% on the previous year. Netflix' success is thought to be largely due to the company's pricing, subscription initiatives and commissioning its own original content such as drama series *House of Cards*.

Sky Go has seen unique visitors to its website grow from 884,000 in April 2013 to 3.9 million in April 2014. The increased popularity of Sky Go may have been influenced by Sky's increasing both TV and movie content on the service, as well as adding the ability to download content to view on smartphone and tablet devices offline via its premium *Sky Go Extra* service launched at the beginning of 2013.

LoveFilm has seen a dramatic decline in its unique audience year on year to 738,000 in April 2014. This can be explained by Amazon's decision in February 2014 to fold LoveFilm into its UK retail website and rebrand it as Amazon Prime Instant Video. The information provided by comScore does not currently provide the granularity required from Amazon's websites to obtain the numbers of those who have migrated on to the Prime Instant Video websites.

Figure 2.86 Total unique visitors to selected online TV and film streaming sites



Source: comScore MMX-MP, UK, work and home panel, April 2013 to April 2014. Note: In February 2014 Lovefilm Instant was folded into Amazon's retail website and re-branded as Prime Instant Video. We do not currently have access via comScore to numbers of users who migrated over to Amazon's Prime Instant Video websites.

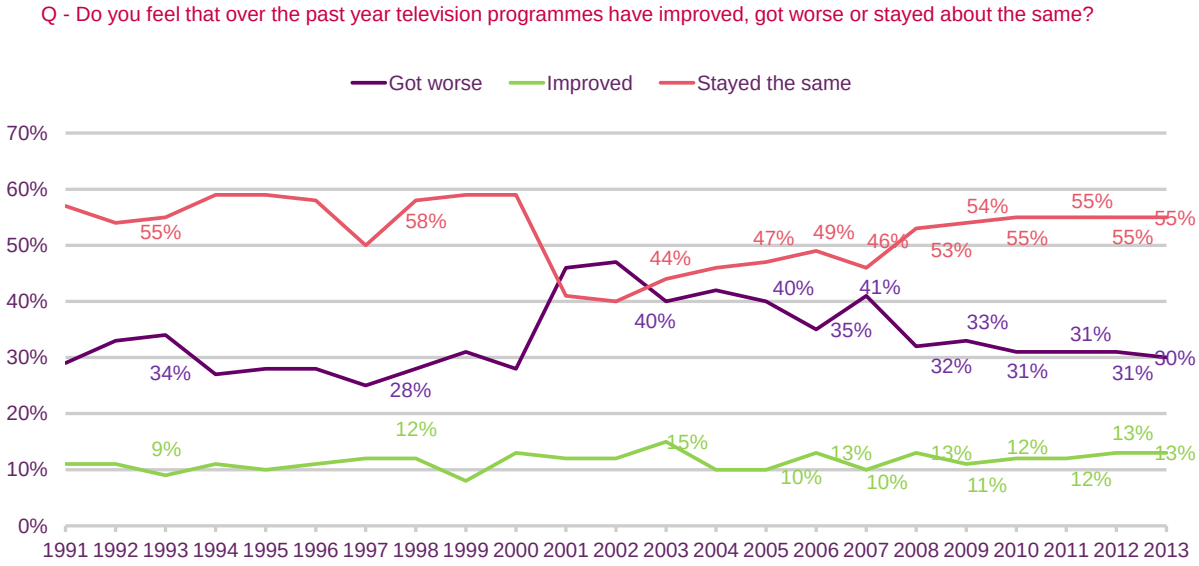
2.3.5 Consumer attitudes towards television

55% of UK adults think that TV programming quality has stayed the same in 2013

According to Ofcom's 2013 Media Tracker research, public opinions towards TV programme quality remained broadly stable during 2013 compared to 2012.

The majority (55%) of the UK population thought that the quality of TV programming had stayed about the same since the previous year. Just under a third of UK adults (30%) felt that programming had got worse in the past year, down 1pp on the previous three years. A further 13% thought television programmes had improved.

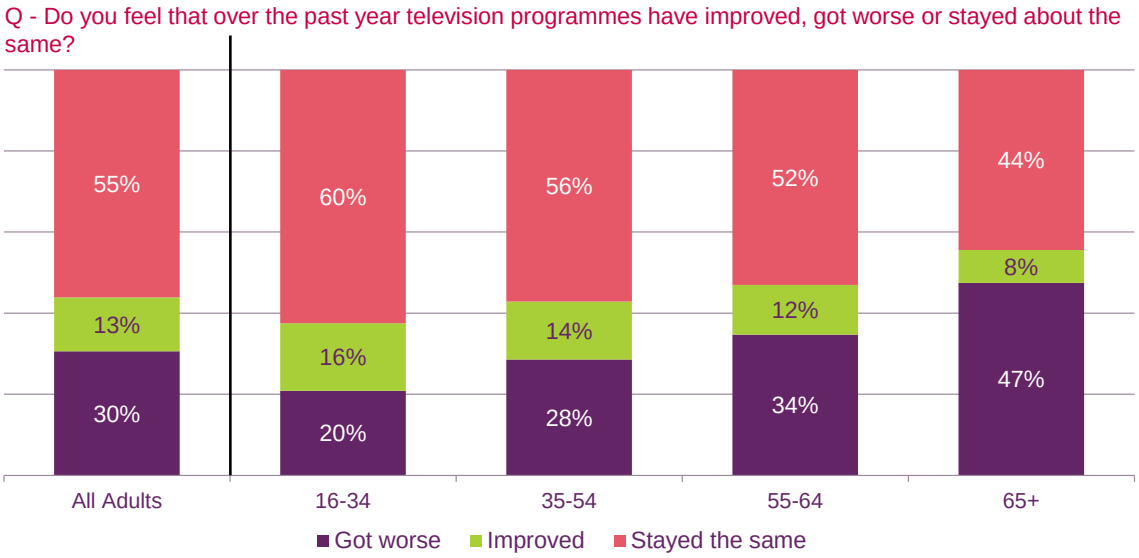
Figure 2.87 Opinion on programmes over the past 12 months



Source: Ofcom Media Tracker 2013. Base: All with TV, but excluding those never watching (1,838).

Television programming appears to be appreciated more by the young, compared with 2012. Among the different age groups, younger people were less likely to say that programme standards had got worse (20% in 2013 compared to 25% in 2012), whereas those aged 65+ were most likely to say this (47% compared to 41% last year). Similarly, younger people were more likely to say that the quality of TV programming had improved (16% compared to 15% in 2012), while those aged 65+ were less likely to say this (8%, the same as in 2012).

Figure 2.88 Opinion on programmes over the past 12 months, by age

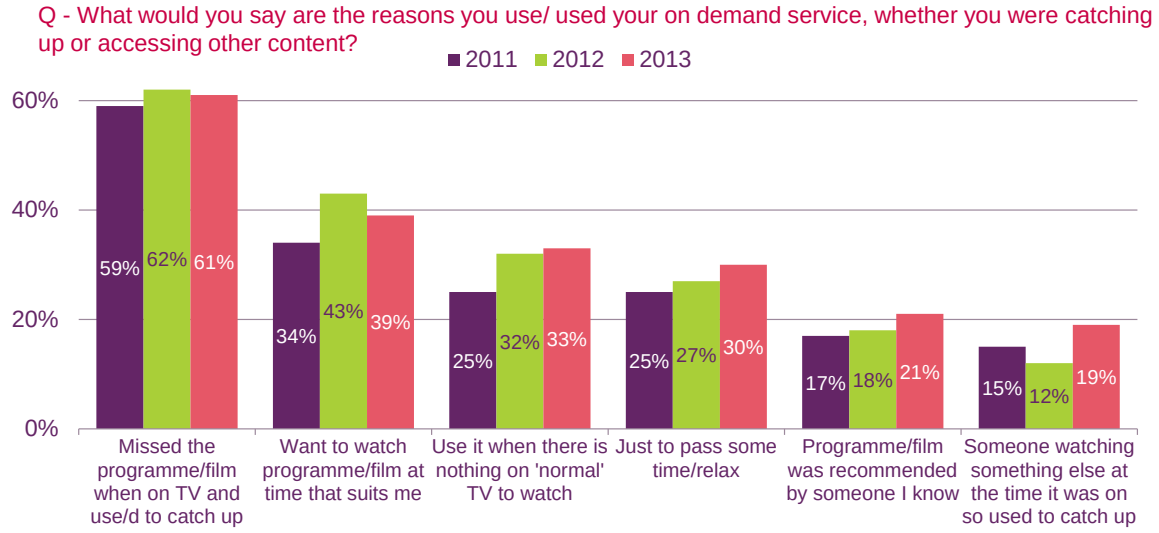


Source: Ofcom Media Tracker 2013. 'Don't know' responses not charted.
Base: All with TV, but excluding those never watching (1,838); 16-34 (605); 35-54 (650); 55-64 (239); 65+ (344).

2.3.6 Consumer attitudes towards online TV and film services

According to Ofcom's Media Tracker research, the main reason why people used online on-demand services in 2013 was the need to catch up on TV or films they had missed when they were broadcast (61%). This was followed by 39% of respondents saying that they used these services to watch programmes at times that suited them, down from 43% in 2012. The third most popular reason, mentioned by 33% of respondents, was the lack of interesting programmes on live TV; the incidence of this response rose in 2012 and remained consistent in 2013.

Figure 2.89 Reasons for online on-demand use: 2013



Source: Ofcom Media Tracker 2013. Base: All who use online video on demand, 2013 (829), 2012 (725), 2011 (658). Note: Only responses ≥ 10% charted. All responses unprompted.