

## Key points: Convergence

- **There is nearly one broadband connection for every four people** across the countries in this report. With 26 connections per 100 people, the UK is third among our comparator countries, behind the Netherlands (35%) and Sweden (31%). Average growth in connections between 2004 and 2007 was highest in the UK, France, Germany, the Netherlands, Sweden and Ireland, at 5% per year.
- **In the US, internet users in the US spend the most time online – 15 hours online each week; those in Spain spend the least amount of time online, at just 7.5 hours per week.** UK users rank second behind the US, at nearly 14 hours per week. Internet use per user has risen the fastest in the UK over the last four years, at an average annual rate of 30%.
- **The internet's share of advertising spend is highest in the UK (19%) and Sweden (17%).** The US, Canada and Japan are the only other countries where the internet makes up more than 10% of total advertising expenditure.
- **Concurrent media use, or stacking, is now common** across our comparator countries. Between 70% (Italy) and 83% (Japan) of consumers across our comparator countries claim to access the internet while watching TV. In the UK the figure is 74%.
- **Viewing of TV shows over the web is growing rapidly.** US consumers download the most streams per head (26), with UK consumers next (8). Growth in the volume of downloads reached 131% in France during 2007, and 69% in the UK.
- **Broadcast TV viewing levels seem to be least affected by the internet in the US.** In the US, broadcast-based TV viewing appears more resilient to internet access than anywhere else - the net percentage of US people viewing less broadcast-based TV since having internet access is 7%, whereas in all the other countries in our survey the figure was between 15% and 21%; in the UK it was 15%.
- **Mobile broadband availability using HSDPA technology now exceeds 70% in many European countries, prompting operators to develop residential mobile broadband services, enabled by** plug-in 'dongles' for laptops. HSDPA availability is highest in the UK (87%).
- Digital recorded music sales grew by over 20% year-on-year in all our comparator countries except France and Italy. **Mobile music downloads now account for over half of all recorded digital music revenue in France, Italy and Japan.** In Japan, mobile accounts for over 90% of all digital music revenue, compared to 29% for the UK.
- **Mobile social networking is beginning to grow in popularity** – 0.8 million mobile subscribers in the UK and 4 million in the US access social networking sites using their phones, thanks to improving handset capabilities, faster network speeds and bespoke SNS mobile applications.
- **Broadcast mobile television has had a mixed year.** Italy is the biggest market in Europe with nearly 1 million DVB-H subscribers, though there have been service closures elsewhere

## Key points: Television

- The rate of migration to digital TV in 2007 resulted in the **UK having the highest proportion (86%) of main sets connected to digital**, (up from 77% in 2006), followed by the US (70%, up by nine pp on 2006), France (66%, up 13 pp) and Japan (65% up eight pp). In the Netherlands and Sweden analogue terrestrial TV has already been switched off.
- **Pay-TV take-up grew in 2007** across all comparator countries, reaching 47% of households in the UK (up 2 percentage points on 2006). Pay-TV take-up was highest in the Netherlands at 99% of main sets (up 0.1 percentage points year-on-year) and lowest in Italy (22%, up 3 percentage points).
- **An estimated 9 million subscribers paid for HD services across the UK, France, Germany, Italy, the US and Canada during 2007**. Subscribers in the US and Canada accounted for 87%, or 7.9 million of the total, with the UK responsible for over half of the remaining 1.2 million HD households.
- In the ten of our comparator countries where data were available, **an estimated 28million pay-TV households had a digital video recorder (DVR) in 2007**, up by 52% year-on-year. Three countries accounted for 96% of the total: the US (73%), the UK (13%) and France (10%). A greater proportion of people in the UK have access to a DVR than in any other comparator country (30%).
- **Global television industry revenue reached an estimated £166bn in 2007** (of which £10.4bn was from the UK), up by 6% year-on-year. Advertising was the largest component, at £81bn, although for the first time, it didn't account for the majority of all television industry revenue Owing to strong growth in subscription revenue
- **Revenue per head was highest in the US, at £221 (up £8 year-on-year); it was lowest in Poland at £42 (up £6)**; in the UK it stood at £172 (up £7 during 2007).
- **Subscriptions drove revenue increases in many countries including the US, Poland, Canada and Japan, while growing advertising spend on television was also a driver in the Republic of Ireland, Sweden, The Netherlands and Spain**. In the UK, subscriptions accounted for 41% of revenue per head, against 34% from advertising and 25% from public funding.
- **Television's share of advertising spend fell in most countries profiled**. The TV markets in Canada and the UK experienced the largest share reductions, of 1.1 and 0.9 percentage points respectively.
- **The average audience share of European PSB channels across this study fell** by 2 percentage points in 2007, to 38%. This compares to a drop of 2 percentage points by the UK PSBs; which commanded an average share of 39%.
- **Viewers in the UK watched 3.6 hours of television a day**, slightly more than the average of 3.4 hours across the other European countries forming part of this report, but nearly an hour less a day than viewers in the US (4.5 hours).
- **Viewers in Japan (25%) and the UK (39%) were less likely to have concerns about television content** than viewers in France (54%), Germany (53%), the US (47%), Italy (46%) and Canada (43%).

## Key points: Telecoms

- Telecoms service revenues grew in all of our key comparator countries during 2007 except Germany. The highest growth was in the UK and Canada, up by 5%, driven mainly by increased mobile use and broadband take-up.
- In all of the countries covered by the report, total mobile revenues in 2007 were higher than fixed-line voice and broadband combined.
- Broadband was the fastest-growing sector in terms of connections and revenues, although growth is slowing in most countries, including the UK, where service revenues increased by 14% in 2007, compared to 20% a year previously
- In general, reductions in fixed-line call volumes in most countries have been offset by large increases in mobile call volumes, which grew by at least 20% in the UK, Germany, Italy, Poland, Sweden and the Republic of Ireland during 2007.
- There was remarkable growth in text messaging in many countries during 2007, despite handset and network developments which enable more sophisticated types of communications such as instant messaging. Text messaging volumes increased by 36% in the UK, 90% in Poland and over 100% in the US and Canada.
- However, mobile operators have seen diminishing returns, as increases in call volumes have not been matched by corresponding increases in retail revenue. A 21% increase in mobile call volumes in the UK during 2007 delivered a 7% increase in mobile voice volumes, while in Germany falls in pricing meant that despite call volumes increasing by 20%, mobile voice revenues fell by 5%.
- Despite falling fixed call volumes, in most countries the majority of voice minutes originated on fixed-line phones, while in some countries (UK and Spain) penetration of fixed lines actually increased.
- Japan is far ahead of the rest of our comparator countries in offering next-generation access broadband networks, with fibre-to-the-building available to 85% of the population by the end of 2007. There was also large variation in Europe in 2007, with over 5% of households in Germany, Italy, Sweden and the Netherlands having access to high-speed broadband, compared to less than 1% in the UK, Spain and Ireland, although rapid deployment is planned in most countries.

## Key points: Radio

- In the seven main comparator countries surveyed, a third of the total population, on average, claimed to listen to radio online. It was highest in France, with 37% claiming to access radio via the internet, followed by people in Germany (34%) and the UK (33%). People in Japan were less likely to listen to radio over the internet (17%).
- Audio downloads (e.g. music tracks and podcasts) had been tried by over a third of internet users in Canada (40%), Italy (39%), the US (36%) and the UK (35%) and just under a third of people in Japan (31%). It was less prevalent in Germany, where just one in five (18%) claimed they had downloaded audio.
- In the UK 20% of people claimed to be listening to less radio since getting access to the internet, but 16% said they were listening more. In the seven countries surveyed, on average almost one in four people (23%) said they were listening to less radio, and 13% listening to more since having the internet at home.
- People in Poland and the Republic of Ireland listened to the most radio per head in 2007, at 4.8 and 4.2 hours per day respectively. Listening in Spain and Japan was lowest among our comparator countries at 1.8 and 2.2 hours per day respectively; while UK listening ranked fifth, at 2.9 hours per person per day.
- Global radio revenue totalled £23.6bn in 2007, up £0.3bn on 2006. This was an increase of 1.4% year-on-year, but was below the four-year annualised trend rate of 3.8%. Revenues from advertising were down by 1.1%, but public funding was up by 2.3% and subscription revenues up by 41%.
- The radio industries of the seven large comparator countries accounted for 80% of total world radio revenues. The US radio market is still by far the largest, with annual revenue of nearly £11bn in 2007, 45% of the global total, and equating to £35 per head of population. The UK was the fourth largest market of the seven, with £1.3bn, (£21 per head), equivalent to around 5% of world radio revenue.
- Radio's share of display advertising spend varies by country. It was highest in Canada and the US, where radio accounted for 12.6% and 10.7% of the total respectively. By comparison, UK radio advertising takes a 3.3% share of display advertising.
- Subscription-based satellite radio take-up in North America continued to rise, with subscriptions approaching 20m in 2008. The two main satellite providers in the US, XM and Sirius, were given the go-ahead to merge by the FCC in July 2008. Satellite radio services are planned to launch in Italy in 2009 with other European countries set to follow.