



The Consumer Experience
2008
Research Report

Research Document

Publication date: 25 November 2008

Contents

Section	Page
1 Introduction.....	1
2 Summary of findings.....	4
3 Overview of consumer participation.....	6
4 Consumer access and take-up.....	10
5 Consumer choices, value and range	53
6 Consumer empowerment	82
7 Consumer protection and concerns	108

Annex	Page
1 Research methodologies.....	133
2 Additional demographic analysis	135
3 Analysis of people with disabilities	146
4 Comparative international pricing: methodology, baskets and limitations.....	152
5 Glossary of terms and definitions.....	160

Section 1

Introduction

Background

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

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

Data sources

A variety of data sources were used in compiling this report; Ofcom's communications tracking survey and its consumer decision-making survey, supported by a range of ad-hoc research.

Full details of all the Ofcom research used in this report are available in Annex 1. The following is a brief outline of the research used.

Ofcom communications tracking survey

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

Ofcom consumer decision-making survey

Ofcom's first survey of consumer decision-making was carried out in June 2006, and repeated in July 2007 and July 2008. In 2007 it was expanded to include consumers in each of the fixed-line, mobile, broadband and multichannel television markets, including bundled services. The main objective was to track the extent to which consumers participate in the communications markets. This survey is now Ofcom's key data source monitoring switching and satisfaction in the communications markets.

Consumer concerns research

Ofcom monitors consumer concerns in the communications markets on a quarterly basis. The objective is to measure and track levels of concern as well as to investigate consumers' experience of specific topical issues.

Ofcom visual impairment research

This qualitative research project explored the experiences of consumers with a visual impairment. The study included people with different types of visual impairment, including those with mild/moderate and severe/profound impairment. Due to the qualitative nature of the research and the objectives of the study, the sample is not representative of all consumers with a visual impairment.

Ofcom learning disabilities research

This qualitative research project explored the experiences of consumers with learning disabilities. The study included people with different types of learning disability. Due to the qualitative nature of the research and the objectives of the study, the sample is not representative of all consumers with learning disabilities.

The scope

This report analyses the overall experience consumers have had of the communications market in three areas:

- telecoms (fixed-line and mobile);
- internet (including broadband); and
- broadcasting (television and radio).

The report presents data on each of the markets under the following section headings:

- consumer access and take-up – the availability and take-up of communications services (including non-ownership, both voluntary and involuntary);
- consumer choices, value and range – trends in prices of communications services, consumers' awareness and use of suppliers, and their levels of satisfaction;
- consumer empowerment – the level of participation in communications markets in terms of switching and shopping around, and use of consumer information; and
- consumer protection and concerns – complaints, concerns and awareness of complaint procedures.

The report covers the UK adult population, and compares findings in three ways:

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

The report contains some insights into ethnic minority groups, although these demographic groups have been the focus of a separate Ofcom study published in September 2008: http://www.ofcom.org.uk/advice/media_literacy/medlitpub/medlitpubrss/ml_emg08/.

With the exception of take-up data, findings have not been analysed at a national or regional level across the UK, as this is covered by Ofcom's annual *Nations & Regions Communications Market* report, last published in May 2008 <http://www.ofcom.org.uk/research/cm/cmnr08/>.

Time series data

Where possible, data from Q2 or Q3 2008 have been compared with data from a similar time period in previous years. However, there are some analyses in the report where different time periods have been used:

- analysis by nation – 2008 data were collected in January 2008 and are compared to annual rolled data collected in 2006 (Q1 – Q4 combined)

Statistical reliability

For reporting purposes, sub-group differences are noted in the report only when they are significantly different from the total sample. We have reported differences at the 95%

confidence level; this means that if you asked 100 people in the population, 95 of them would give a similar response to the finding reported.

Insufficient sample sizes (i.e. less than 50 respondents) were achieved for some demographic groups for some metrics. Where this is the case, no data have been reported.

Section 2

Summary of findings

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

- Take-up trends are mainly positive, with the exception of a fall in landline ownership:
 - take-up of internet and mobile phones has stabilised;
 - there has been an increase in the take-up of broadband across all groups;
 - and an increase in the take-up of digital TV - older age groups (65-74 and 75+) driving at least some of this increase;
 - the divide in digital TV ownership is closing between the highest and the lowest income groups';
 - use of bundled services remains stable, but there has been an increase in triple-play bundles; and
 - ownership of fixed lines continues to decline, leading to higher proportion of mobile-only homes.
- Consumer awareness of choices varies by market; for many, the internet is now the most trusted source of information:
 - There has been an increase in (prompted) awareness of fixed-line suppliers – although this remains lowest among older consumers;
 - over 90% recognise multiple broadband suppliers when prompted, and over half spontaneously recalled two or more multichannel TV providers; and
 - the internet is now the most trusted source of information for consumers about developments in communications markets.
- There has been a decline in satisfaction with broadband speeds, and increased levels of concern about service:
 - between 3% and 10% of consumers are dissatisfied across the communications markets – the highest dissatisfaction for broadband and the lowest for mobile;
 - almost a fifth of broadband customers are dissatisfied with their speeds;
 - a quarter said they had experienced slower speeds than they had expected; and
 - concerns about the internet in general are in decline, but concerns about service have increased.
- There has been continued downward pressure on prices:
 - the average price spent per minute on mobile is falling as more minutes are included in tariff plans, although overall household spend is rising as mobile use increases;
 - UK prices continue to compare favourably against international markets for fixed voice, mobile and broadband – the UK reports the lowest mobile prices across the countries compared, and the second lowest prices for broadband; and

- UK prices for TV services are among the highest of the countries compared – driven partly by higher prices for premium TV services than in France, Germany and Italy.
- More consumers are engaged in communications than previously:
 - there has been an increase in the proportion of ‘engaged’ consumers in each of the communications markets – driven partly by increased switching behaviour in both the broadband and bundled markets; and
 - satisfaction is generally lower among ‘engaged’ consumers – arguably the least vulnerable segment of the population.
- Consumers with learning disabilities are positive about the benefits that mobile telephony has brought, but would like some changes:
 - mobile phones have brought a degree of independence to consumers with learning disabilities – providing security and reassurance;
 - most use pre-pay phones and have problems with the top-up process – a similar issue was raised by consumers with visual impairments; and
 - many are unaware of specific functions which could improve/ease their use of communications services, and rely on others for advice.
- People with visual impairments tend to have similar attitudes and behaviour to the general population – higher internet cost is limiting take-up among these consumers:
 - there are indications of a decline in use of fixed-line phones, consistent with general trends. Many prefer to use their mobile phone for calls and texts;
 - handset functionality may play a greater role in network choice for these consumers, particularly for those who require speech recognition software; and
 - affordability is a key barrier to internet ownership – for many, costs are increased by their requirement for specialist software. There are indications that software trials may encourage ownership.
- Ofcom is seeing improvement in a number of areas of consumer complaints, while other issues continue to cause concern:
 - there has been a decline in the volume of complaints about broadband migration;
 - broadband service speeds continue to be unsatisfactory for many, and a key concern for others;
 - silent calls are becoming an increasing concern for consumers; and
 - complaints about mobile mis-selling continue to decline, but there are relatively high levels of complaints about fixed-line mis-selling.

Section 3

Overview of consumer participation

Introduction

Ofcom measures the extent to which consumers participate in each of the communications markets; this informs the consumer empowerment section of this report.

Analysis this year has identified key differences between consumer segments, in both behaviour and attitudes. Therefore, this report analyses additional metrics from the Consumer Choices and Consumer Empowerment sections, including awareness of suppliers, dissatisfaction and the ease of making cost comparisons.

This section of the report provides a broad understanding of each segment, by market, and highlights any demographic differences.

3.1 Participation in communications markets

Participation in communications markets is measured by looking at a wide range of ways in which consumers can participate in the market, including switching suppliers; negotiating with current suppliers; staying informed; and being aware of changes in the markets.

Measuring participation in communications markets

The metric is created using measures of past and present participation behaviour.

Past behaviour – whether consumers have switched or considered switching, whether they have made a change to an existing contract – e.g. negotiated a better deal with their current supplier

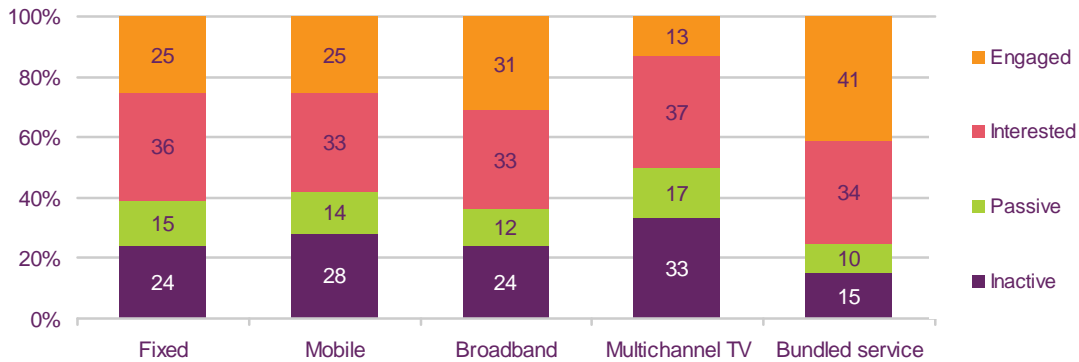
Present behaviour – whether they keep informed about developments, or ‘keep an eye out’ for better deals on the market

Consumer segments:

- 1. Inactive consumers** - consumers may have had some past involvement, but have low interest in the market. This group does not keep up to date with the market.
- 2. Passive consumers** – more likely than inactive consumers to have participated in the past, and indicate some current interest in the market.
- 3. Interested consumers** – while broadly similar to passive consumers in terms of their past behaviour, they are more likely to keep an eye on the market, looking out for better deals.
- 4. Engaged consumers** – the most active group in terms of past behaviour and current interest.

3.1.1 Overall participation in communications markets

Figure 1: Participation segments



Base: All adults 15+ who are the decision maker for each service; fixed line, service not in a bundle (2008, 948), mobile, service not in a bundle (2008, 1270), broadband, service not in a bundle (2008, 460), multichannel TV, service not in a bundle (2008, 896), bundled services (2008, 534)
 Source: Ofcom decision making survey, July 2008

Figure 1 shows that there are both strong similarities and differences in levels of participation across the various communications markets. Participation levels in the fixed and mobile markets are similar, with a third 'interested', around a quarter 'engaged' and a similar proportion 'inactive'.

Each of the other markets has fairly distinct participation profiles. In the broadband market there is a higher level of engagement than in the telecoms markets, and fewer 'passive' consumers than in both telecoms markets.

The bundled services market demonstrates the highest levels of engagement and the lowest proportion of 'inactive' consumers.

Multichannel TV has the lowest levels of engagement - just over one in ten are engaged in the market, although nearly two in five are interested. Comparing the overall scores, the multichannel TV market is the least participatory, which is perhaps unsurprising, as there are fewer supplier choices than in the telecoms and internet markets.

3.1.2 Demographic differences between participation segments

Figure 2: Demographic differences between participation segments in the fixed-line market



Base: All fixed-line decision makers, service not in a bundle (948). Base for 15-24 year olds too small to analyse
 Source: Ofcom decision making survey, July 2008

There are few significant demographic variations between levels of participation in the fixed-line market, with the exception of those who are 'engaged'. Consumers aged over 65 are less engaged in the fixed-line market than are other age groups (15%) but more 'interested' (as opposed to being 'inactive' or 'passive') in this market. Consumers in the C2 socio-economic group are more 'engaged' than average (34%).

Figure 3: Demographic differences between participation segments in the mobile market



* Small base size treat as indicative only
 Base: All mobile phone decision makers, service not in a bundle (1270)
 Source: Ofcom decision making survey, July 2008

Similarly, there were few differences by demographic group in the mobile market. Older consumers (65+) were significantly more 'inactive' than any other demographic group. Higher-spending consumers were more likely to be participating in this market.

Figure 4: Demographic differences between participation segments in the broadband market



* Small base size; treat as indicative only
 Base: All broadband decision makers, service not in a bundle (460)
 Source: Ofcom decision making survey, July 2008

In the broadband market, younger consumers (25-44 year olds) were more likely to be 'engaged' than the average, and than other age groups. However, over half (58%) of consumers aged 65+ were either 'interested' or 'engaged' in the broadband market.

Consumers in the AB socio-economic groups were the most 'interested' group, but there were indications that C2 groups were the most 'engaged'.

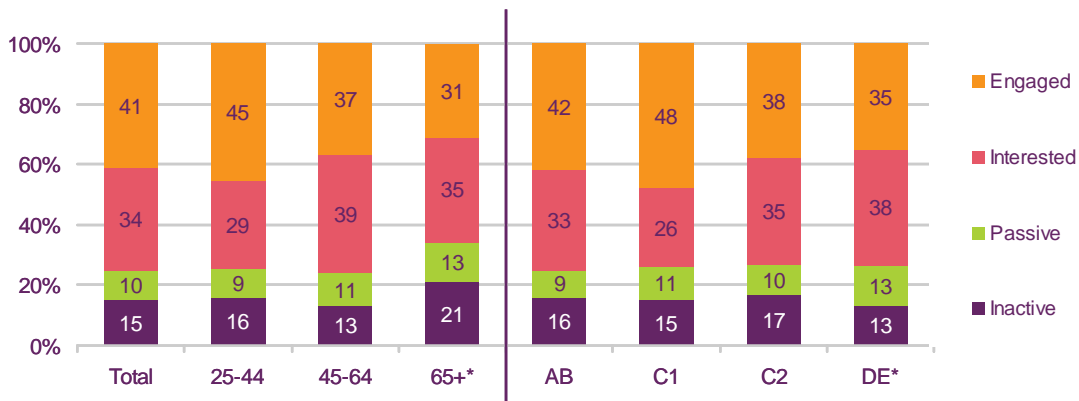
Figure 5: Demographic differences between participation segments in the multichannel TV market



Base: All multichannel TV decision makers, service not in a bundle (896)
 Source: Ofcom decision making survey, July 2008

All demographic groups had a lower level of ‘engagement’ in the multichannel TV market than in other services. Consumers aged 65+ were most likely to be ‘inactive’ in this market.

Figure 6: Demographic differences between participation segments in the bundled services market



* Small base size; treat as indicative only
 Base: All bundled services decision makers (534)
 Source: Ofcom decision making survey, July 2008

There were few differences by demographic group in levels of participation in the bundled market, with the exception of higher engagement among C1s and consumers aged 25-44.

Section 4

Consumer access and take-up

Introduction

This section of the report highlights the availability of communications services across the UK. It also reports trends in take-up of communications services and consumers' reasons for or against taking up specific services.

Analysis shows that there are two reasons for not taking up services: 'voluntary' reasons (a positive decision taken by the consumer not to own a certain technology) or 'involuntary' (where the consumer is prevented from owning the technology by a factor such as affordability).

Consumer access and take-up metrics

The table below lists the metrics. The numbers shown in this section are at an overall UK level, based on the percentage of all adults/households.

We have analysed the key findings in this report by a number of demographic groups, to highlight whether any specific consumer groups are more likely to be excluded than others. These groups are: age, income and socio-economic group. Wherever possible, the results are shown over time. Sub-group differences are only noted when they are significantly different from the total sample.

National comparisons are shown but it should be noted that different time periods are being compared and methodological changes mean that any trends should be viewed as indicative only. The survey providing the national comparison was conducted in January-February 2008, while all other UK and demographic take-up data were collected in April-May (Q2) 2008.

4.1	Consumer access and take-up - metric 1: availability of communications services	12
4.1.1	Overall availability of communications services – UK.....	12
4.1.2	Availability of landlines.....	12
4.1.3	Availability of mobile.....	12
4.1.4	Availability of internet.....	13
4.1.5	Availability of digital television.....	14
4.1.6	Availability of digital radio.....	14
4.2	Consumer access and take-up - metric 2: take-up of communications services	15
4.2.1	Take-up of fixed lines – international comparisons.....	15
4.2.2	Take-up of fixed lines - UK.....	16
4.2.3	Voice over internet protocol (VoIP).....	17
4.2.4	Profile of consumers who have taken up fixed-line services.....	17
4.2.5	Take-up of mobile services – international comparisons.....	19

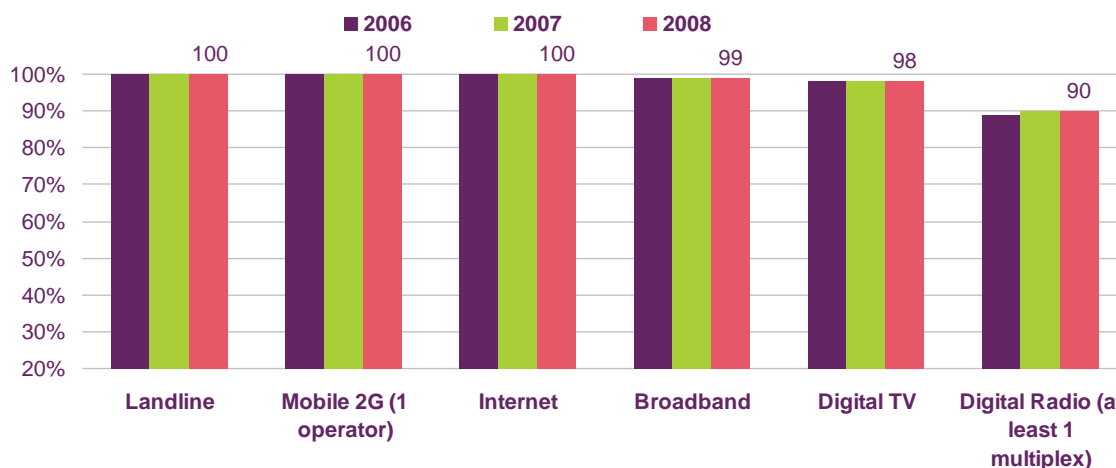
4.2.6	Take-up of mobile services - UK	20
4.2.7	Profile of those who personally use mobile services.....	20
4.2.8	Trend in use of mobile packages	21
4.2.9	Profile of users of pre-pay packages.....	22
4.2.10	Profile of users of contract packages	23
4.2.11	Profile of users of mobile-only telephony	24
4.2.12	Take-up of fixed-line and mobile services	25
4.2.13	Take-up of internet services.....	25
4.2.14	Profile of owners of PCs.....	26
4.2.15	Take-up of internet access at home	28
4.2.16	Profile of consumers who have taken up internet services	28
4.2.17	Trends in internet connection methods	30
4.2.18	Take-up of broadband – international comparisons.....	30
4.2.19	Profile of consumers who have taken up broadband connections - UK.....	31
4.2.20	Awareness of broadband subscription type	32
4.2.21	Profile of consumers with a dial-up internet connection.....	33
4.2.22	Use of internet services anywhere	34
4.2.23	Take-up of digital television by platform – international comparisons	35
4.2.24	Take-up of digital TV services, by platform - UK.....	36
4.2.25	Profile of owners of digital TV services	36
4.2.26	Take-up of digital radio services	40
4.2.27	Take-up of bundled services	40
4.3	Consumer access and take-up - metric 3: non-ownership of communications services.....	43
4.3.1	Non-ownership of communications services.....	43
4.3.2	Intention of taking up communications services.....	44
4.3.3	Voluntary non-ownership of communications services	44
4.3.4	Involuntary non-ownership of communications services.....	46
4.4	Consumer access and take-up - metric 4: degree of difficulty in using technology.....	47
4.4.1	Overall difficulty using technology	47
4.4.2	Profile of those who experience difficulties when using technology.....	48
4.5	Additional insights among minority groups	49
4.5.1	Consumers aged 75+.....	49
4.5.2	People with a visual impairment.....	49
4.5.3	People with a learning disability	50
4.5.4	Ethnic minority groups.....	51

4.1 Consumer access and take-up - metric 1: availability of communications services

This first metric shows the availability of each service across the UK. Time series data for fixed lines, internet (including broadband), digital television and digital radio are shown in Figure 7 below.

4.1.1 Overall availability of communications services – UK

Figure 7: Availability of communications services



*90% is BBC's and Digital One's targets for coverage by the end of the summer 2007
Source: Ofcom

Overall availability of communications services has not changed over the past two years. Most households in the UK now have access to the key broadcasting and telephony services, with at least nine in ten consumers covered by fixed lines, mobile, internet and digital broadcasting (Figure 7).

4.1.2 Availability of landlines

Fixed-line services continue to be universally available across the UK.

The Universal Service Obligation (USO) is currently provided by BT and Kingston Communications in Hull. All households in the UK must be able to have access to a fixed line at a standard charge, although additional connection charges apply when a household is so remote that installation would cost the supplier over £3,400 to provide the line.

4.1.3 Availability of mobile

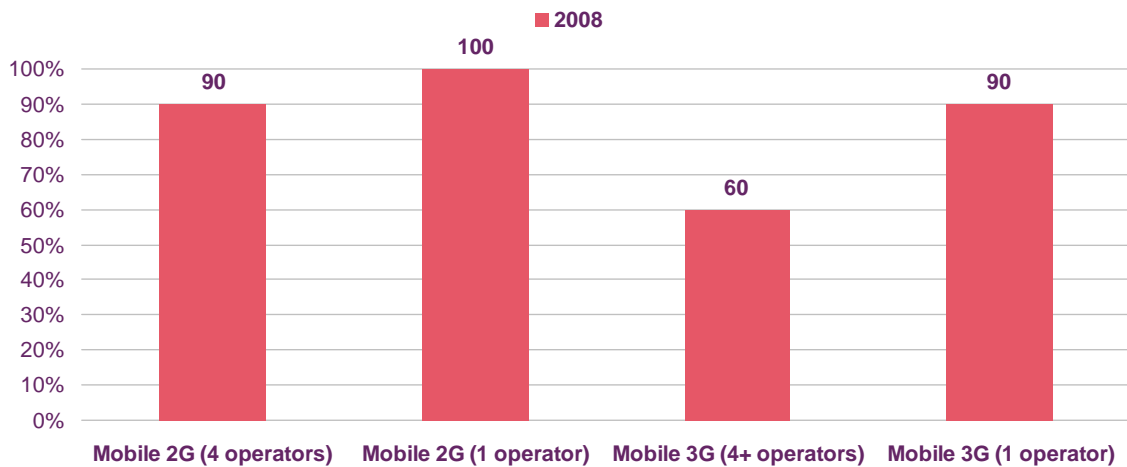
Mobile availability data, presented in Figure 8, is not comparable with previous data due to methodological differences. Both second generation (2G) and third generation (3G) mobile services continue to be available to the majority of the population in the UK.

For a mobile network to be included in the data as having 2G coverage, its network footprint had to cover at least 75% of the postcode area¹. In effect this means that within some postcodes there are areas which are not served by some or all of the networks. The issue of

¹ Methodology changed in 2008, so data are not comparable with 2007 data.

so called 'not-spots' will be discussed further in Ofcom's *Communications Market Report: Nations and Regions 2009*.

Figure 8: Availability of mobile



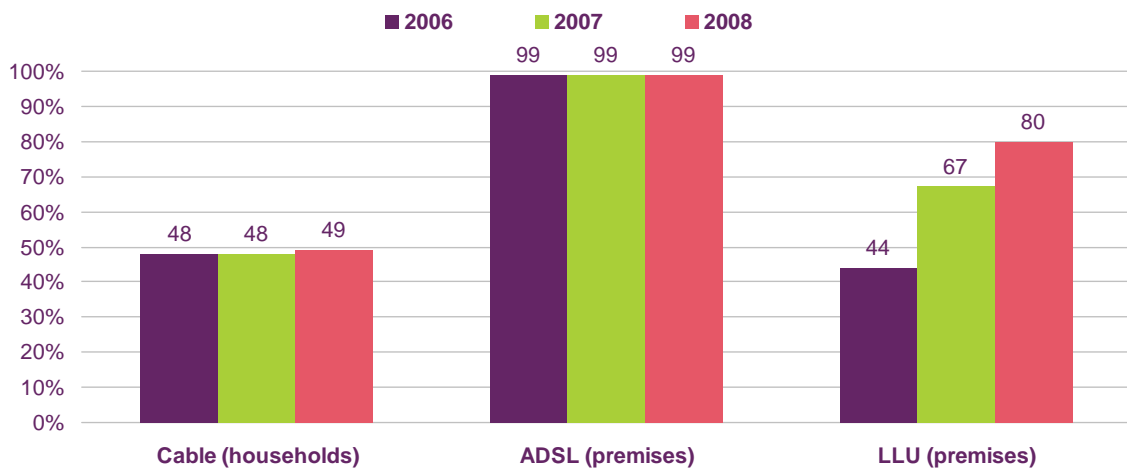
Source: Ofcom

Figure 8 shows that 2G mobile services are available to the entire population - all residents live within a postal code that has coverage by at least one 2G operator, and 90% live within a postal code that has coverage from four or more operators. While over nine in ten postcode districts are covered by at least one 3G operator, six in ten are covered by four or more.

4.1.4 Availability of internet

Consumers have an increased choice of broadband service providers. The combination of local loop unbundling (LLU), cable operators, the wireless broadband market and the ability to bundle services together give consumers a wide choice of broadband products and access platforms.

Figure 9: Availability of broadband internet

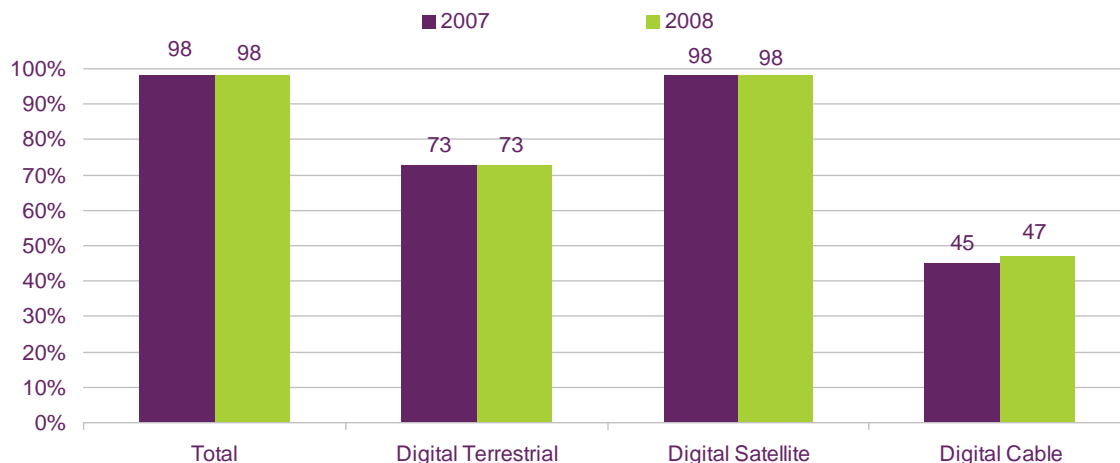


Source: Ofcom/operators

Availability of unbundled local loop lines has grown from 44% in 2006 to 80% in 2008. Cable and ADSL availability remain unchanged at 49% and 99%. However, ADSL availability to individual households may be limited by local factors (such as distance from the exchange and the quality of local network technicalities).

4.1.5 Availability of digital television

Figure 10: Availability of digital television

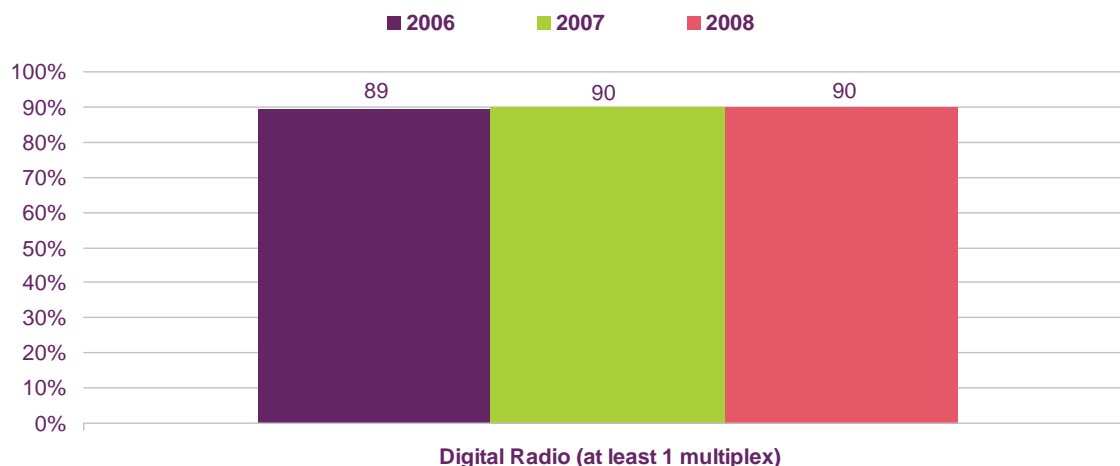


Source: Ofcom

Availability of digital television has not changed over the last few years, with 98% of households across the UK having access. However, some households may not have access to satellite services, due to specific local factors or housing agreements. The reach of digital terrestrial (73% of households) is the maximum possible until digital switchover enables digital signals to be broadcast more widely across the UK. Digital cable availability is now around 47% of UK homes.

4.1.6 Availability of digital radio

Figure 11: Availability of DAB digital radio



Source: BBC and Digital One

Nine in ten consumers can get digital radio reception, whether via devices such as DAB radio, mobile phone, internet, digital TV or MP3 player. These data are based on predictive coverage of the two DAB networks operated by the BBC and Digital One.

4.2 Consumer access and take-up - metric 2: take-up of communications services

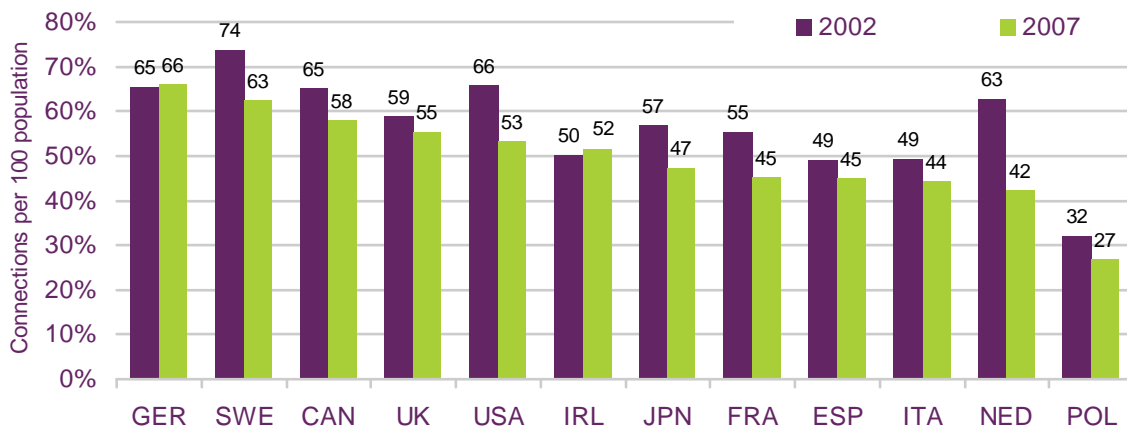
This metric identifies the extent to which consumers have communications services available in their household. It also looks at take-up figures over time, consumers' demographic profiles and international comparisons.

The following sub-sections compare take-up of the individual communications services at an international level, and then in more detail within the UK.

4.2.1 Take-up of fixed lines – international comparisons

Figure 12 compares the number of fixed lines per 100 population in the UK with levels in other countries, over time.

Figure 12: Take-up of fixed lines – international comparisons



Source: Ofcom / national regulators 2006. Base: total population

The UK had one of the highest take-up rates of fixed-line services in Europe in 2007, at over 60 fixed lines per 100, with only Germany and Sweden higher. In all three countries fixed-line use has been the main form of telephony for both residential and business users due to wide availability and affordable pricing. In contrast, less extensive availability (with a fixed-line voice network available to just 80% of the population) and low gross domestic product (GDP) have constrained take-up in Poland, with fewer than one in three of the population connected to a fixed line.

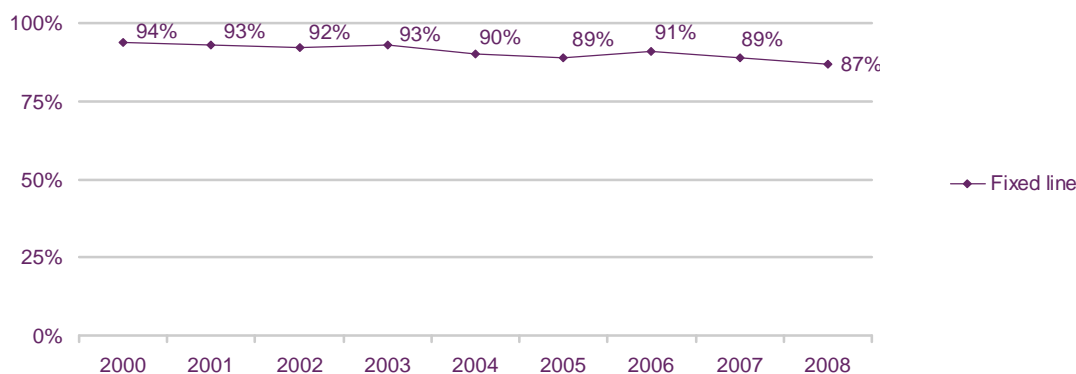
In many countries fixed-line take-up is in decline, as mobile becomes a more popular form of telephony.

Increasing use of retail Voice over Internet Protocol (VoIP) services is also having an impact on fixed-line penetration in some countries; in the Netherlands a decline of 1.4 million connections during 2007 was largely due to consumers switching to broadband services over naked DSL and cable.

4.2.2 Take-up of fixed lines - UK

The following charts illustrate the trend in take-up of fixed-line phones within the UK and consumers' changing use of suppliers.

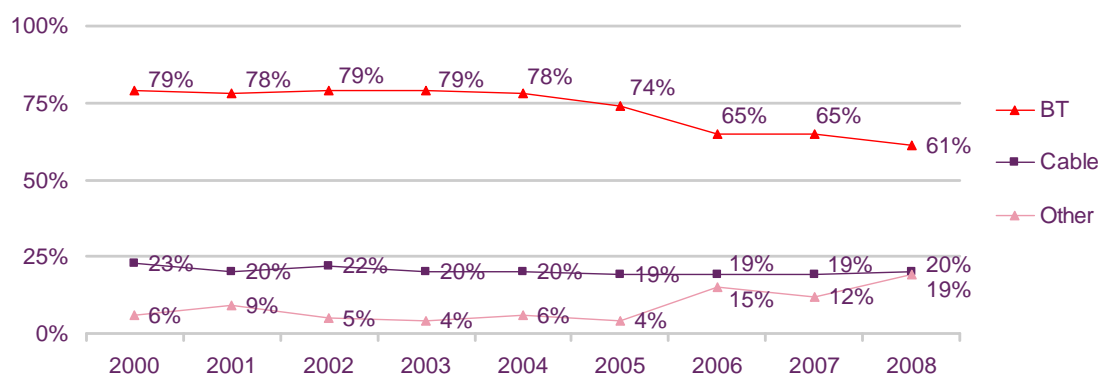
Figure 13: Take-up of fixed lines, 2000-2008



Base²: All adults 15+. Data for 2000-2005 based on Q4, 2006-2008 based on Q2
Source: Ofcom communications tracking survey

Fixed-line take-up is in decline. The downward trend was first noted last year and has been sustained, with a further decline in ownership to 87%. Consequently, the proportion of homes with mobiles remains higher than the proportion with a fixed line, and more consumers are relying solely on their mobile for their telecoms needs.

Figure 14: Penetration of fixed-line suppliers, 2000-2008



Base: All adults 15+
Source: Ofcom communications tracking survey, Q3 2000, Q2 2001-2003, Q1 2004, Q2 2005-2008³

Sixty-one per cent of respondents said that their household used BT for fixed-line services, 20% used cable, and 19% said they used other suppliers. Since 2005, when local loop unbundling (LLU) operators began setting up competing fixed-line services to BT, cable and Wholesale Line Rental (WLR) operators, use of other suppliers has increased - largely at the expense of BT.

² Base : (Q4 2000, 2133) (Q4 2001, 2159) (Q4 2002, 2138) (Q4 2003, 2150) (Q4 2004, 2131) (Q4 2005, 2214) (Q2 2006, 2439) (Q2 2007, 2265) (Q2 2008, 2109)

³ (Q3 2000, 1885) (Q2 2001, 1935) (Q2 2002, 1935) (Q2 2003, 1939) (Q1 2004, 1988) (Q2 2005, 1966) (Q2 2006, 2234) (Q2 2007, 1329) (Q2 2008, 1845)

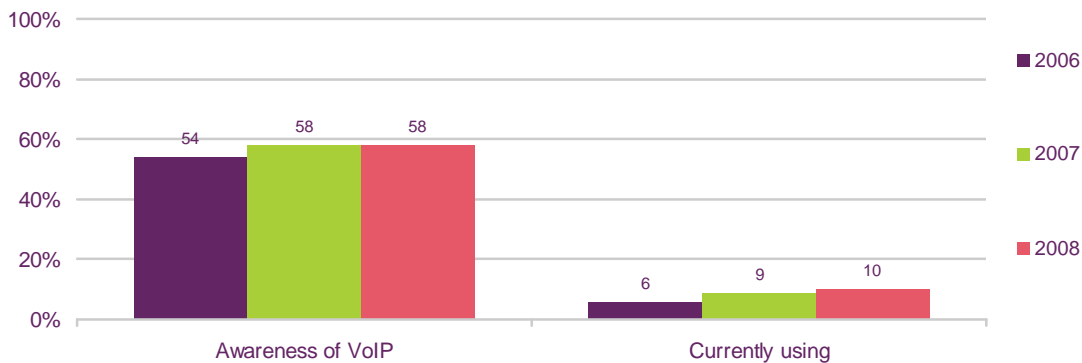
For the first time, in Q2 2008, consumers were as likely to use an LLU or WLR operator as they were to use cable (19% and 20% respectively). The range of suppliers consumers are using illustrates the competitiveness of the fixed-line market.

4.2.3 Voice over internet protocol (VoIP)

VoIP is an alternative to fixed-line voice communication. In some countries VoIP is already having an impact on use of fixed voice telephony. In the UK, one in ten adults said they use VoIP services, up from 6% in 2006.

Awareness of the ability to make voice calls over the internet is unchanged, at 58%.

Figure 15: Awareness and use of VoIP



Base: All adults 15+ (Q2 2006, 2439) (Q2 2007, 1547) (Q2 2008, 1179)
Source: Ofcom communications tracking survey

Adults aged 25-44 years, higher income earners (£30K+), and ABC1s continue to drive awareness. Over-65s remain least likely to be aware of the service. Under-45s, those earning £17.5K+ and ABC1s appear to be driving use of these services.

The three main VoIP suppliers which consumers say they are using are: Skype (7%), MSN Messenger (1%) and BT Home Hub (1%). The remainder say they are using various other suppliers, each mentioned by less than 1% of respondents.

4.2.4 Profile of consumers who have taken up fixed-line services

Figure 16 below shows a demographic comparison of fixed-line ownership across the nations of the UK. Full national and regional comparisons of ownership and use of communications services can be found in Ofcom's *Communications Market Report: Nations and Regions 2008* at <http://www.ofcom.org.uk/research/cm/cmrnr08/>.

It is important to note, when looking at nations' time series data, that different time periods are being compared and that methodologies are not directly comparable. Any changes should be viewed as indicative only. The data are also taken from a different time period to UK level data and are therefore not directly comparable.

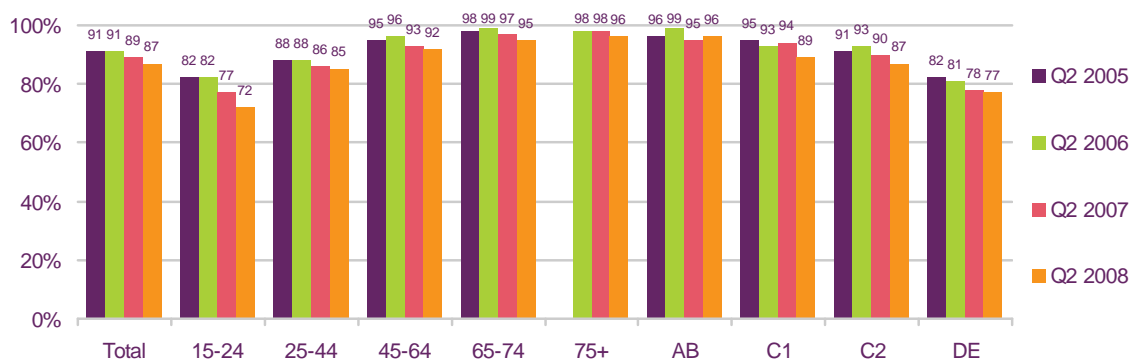
Figure 16: Profile of consumers who have taken up fixed-line services, by nation



Base: All adults (Q1/2 2005, 4426), (Annual 2006, 9134), (Q1 2008, 5812)
 Source: Ofcom communications tracking survey

Take-up is broadly similar across the nations, except in Wales, where at 79%, fixed-line penetration was significantly lower than in other nations, and appears to have fallen by 10 percentage points from 2006 (figure 16). While the survey error margins of 3-4%, in both the 2006 and 2008 surveys, mean that this figure should be treated with caution, it is clear that take-up in Wales has decreased. This lower penetration in Wales does not indicate lower access to telephony overall, but reflects a much higher proportion of consumers using only a mobile phone.

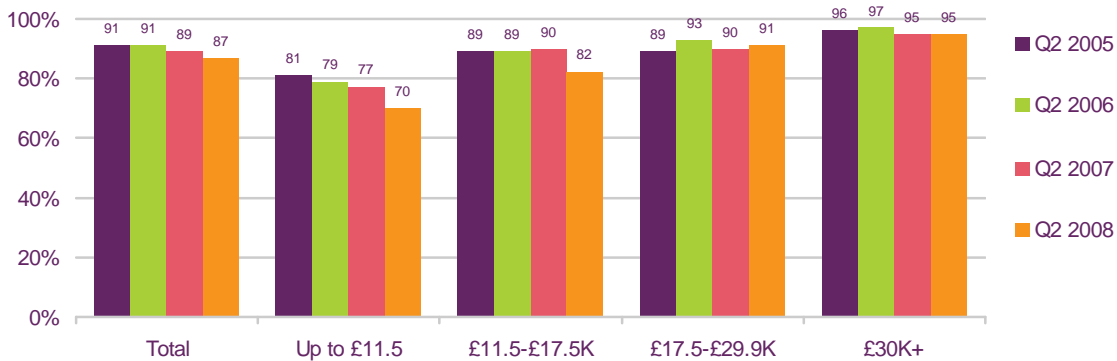
Figure 17: Age and socio-economic profile of consumers who have taken up fixed-line services



Base: All adults (Q2 2005, 2206) (Q2 2006, 2439) (Q2 2007, 2265) (Q2 2008, 2109)
 Source: Ofcom communications tracking survey

Since 2006, most demographic groups have seen a fall in fixed-line ownership. The recent decline appears to have been driven largely by 15-24 year olds, where fixed-line ownership now stands at 72%, and those in the C1 socio-economic group, where penetration fell from 94% in 2007 to 89% in 2008.

Figure 18: Income profile of consumers who have taken up fixed-line services



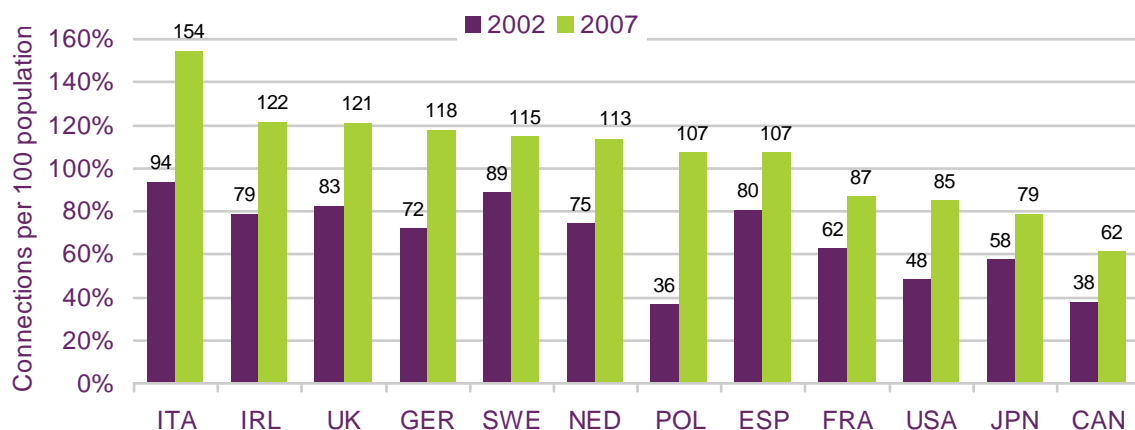
Base: All adults (Q2 2005, 2206) (Q2 2006, 2439) (Q2 2007, 2265) (Q2 2008 2109)
 Source: Ofcom communications tracking survey

There has been a significant fall in ownership of fixed-line phones among the lower income groups (less than £17.5K), contributing to the overall decline in fixed-line ownership, while take-up among the higher income groups has remained stable.

4.2.5 Take-up of mobile services – international comparisons

Figure 19 compares the number of mobiles per 100 population in the UK with levels in other countries, over time.

Figure 19: Take-up of mobile services – international comparisons



Source: Ofcom / national regulators 2007.
 Base: total population

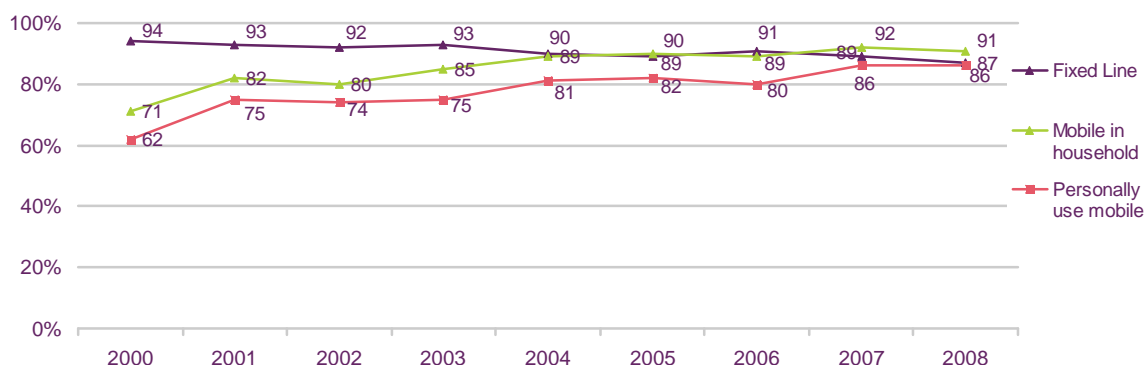
All countries have seen a rise in mobile ownership since 2002. In 2007, the UK had the third highest level of mobile penetration per head, after Italy and Ireland. High levels of mobile penetration are partially a result of multiple device ownership, but are also closely connected to the uptake and availability of pre-pay SIM cards. For example, in Poland, Italy and the UK, pre-pay accounts for the highest proportion of mobile connections and consumers may often have more than one mobile connection active at any one time. In Italy consumers often buy two or three pre-pay SIM cards from different operators and swap them in and out of their handset (SIM swapping) to take advantage of the different promotions and tariffs available⁴.

⁴ Reference : Informa Telecoms and Media, 28/01/2008

4.2.6 Take-up of mobile services - UK

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

Figure 20: Take-up of mobile services 2000-2008



Base⁵: All adults 15+. Data for 2006-2008 based on Q2 data, all other data based on Q4.
Source: Ofcom communications tracking survey

Ninety-one per cent of households have access to at least one mobile phone, with homes now more likely to have a mobile than a fixed line.

Mobile ownership remains stable, with 86% of adults owning a mobile phone that they use at least once a month.

4.2.7 Profile of those who personally use mobile services

Figure 21, shows a breakdown of take-up of mobile services across the nations. It is important to note that different time periods are being compared, regarding the nations' time series data.

There were no significant variations in mobile ownership across the nations.

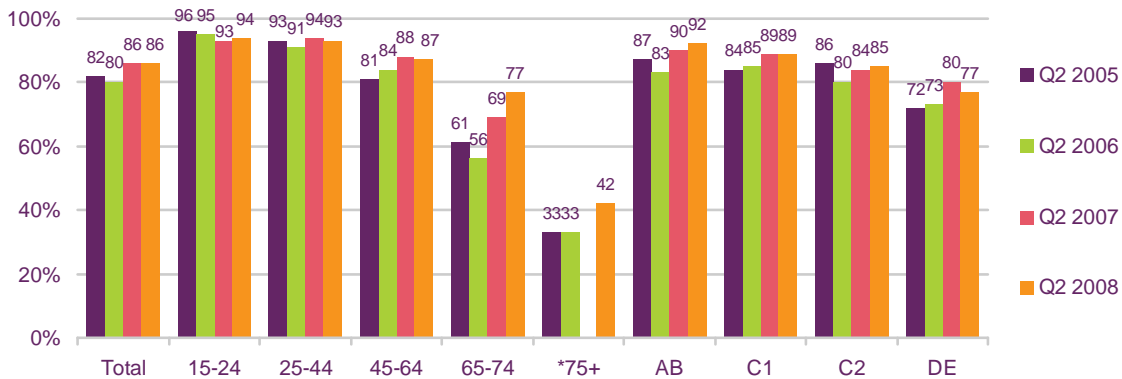
Figure 21: Those who personally use mobile services, by nation



Base: All adults (Q2/3 2005, 4426) (Annual 2006, 9134) (Q1 2008, 5812)
Source: Ofcom communications tracking survey

⁵ Base : (Q4 2000, 2133) (Q4 2001, 2159) (Q4 2002, 2138) (Q4 2003, 2150) (Q4 2004, 2131) (Q4 2005, 2214) (Q2 2006, 2439) (Q2 2007, 2265) (Q2 2008, 2109)

Figure 22: Age and socio-economic profile of those who personally use mobile services



Base: All adults (Q2 2005, 2206) (Q2 2006, 2439) (Q2 2007, 2265) (Q2 2008, 2109)

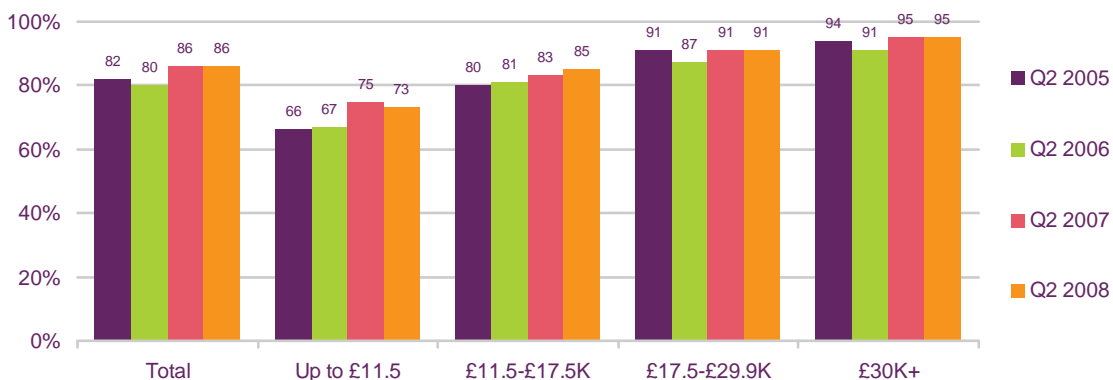
* Small base size; treat results as indicative only. 2007 data for 75+ age group have been removed as base was too small to analyse.

Source: Ofcom communications tracking survey

Personal use of mobile remains unchanged at 86% of adults. However, among adults aged 65-74 there has been significant growth in ownership, from 69% to 77%. Ownership among adults aged 75+ stands at 42%; a nine percentage point rise over the past two years.

Take-up remains broadly stable across most other demographic groups – the apparent fall in ownership among DE socio-economic groups and the lowest income bracket are not significant.

Figure 23: Income profile of those who personally use mobile services



Base: All adults (Q2 2005, 2206) (Q2 2006, 2439) (Q2 2007, 2265) (Q2 2008, 2109)

Source: Ofcom communications tracking survey

4.2.8 Trend in use of mobile packages

Figure 24 illustrates the proportion of consumers using each of the mobile packages on offer. The most recent introduction is SIM-only contract packages, which allow consumers to purchase a SIM card for use in any handset capable of accessing the relevant network. Consumers sign up to relatively short (from 1 month) rolling contracts.

These packages offer benefits particularly attractive to pre-pay customers. They provide greater flexibility than ordinary contract packages, allowing consumers to retain some level of control over their spending while potentially benefiting from the lower call charges

associated with contract phones. We expect to see higher-spending pre-pay customers switch to these packages as awareness increases.

Figure 24: Take-up of mobile packages



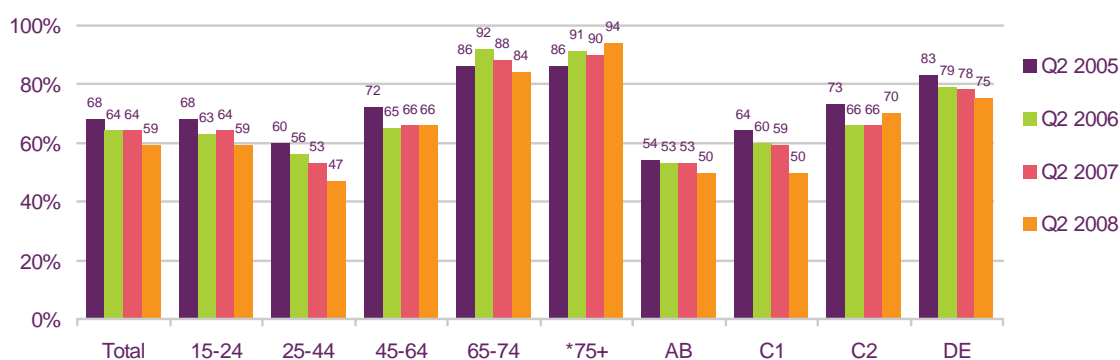
Base: All adults with mobile phone (Q2 2005, 1806) (Q2 2006, 1883) (Q2 2007, 1273) (Q2 2008, 1699)
 Source: Ofcom communications tracking survey

The proportion of mobile customers opting for contract packages has gradually increased since 2005, markedly so between 2007 and 2008; rising from 34% to 40% of mobile customers. Data collected via an ad-hoc survey in August 2008 reported that around 13% of mobile customers used a SIM-only contract⁶. Ofcom will continue to track use of SIM-only packages alongside use of standard contract and pre-pay packages.

4.2.9 Profile of users of pre-pay packages

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

Figure 25: Age and socio-economic profile of pre-pay users

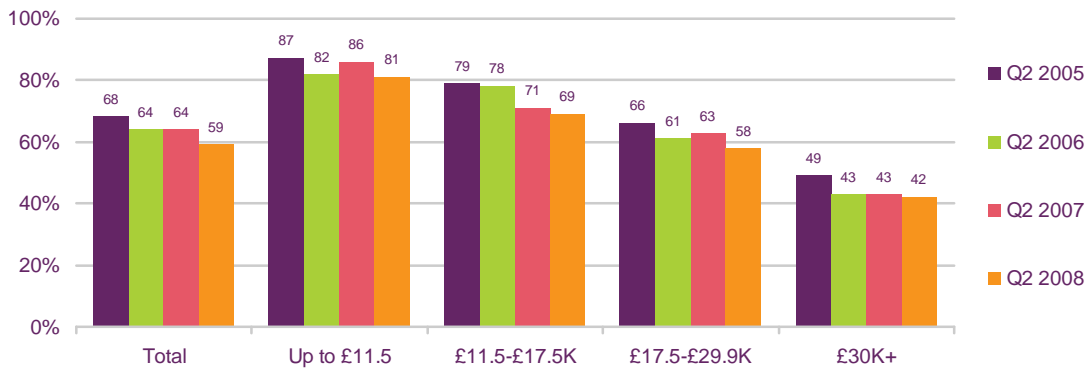


* Small base size; treat as indicative only
 Base: All adults with mobile phone (Q2 2005, 1806) (Q2 2006, 1883) (Q2 2007, 1273) (Q2 2008, 1699)
 Source: Ofcom communications tracking survey

Older consumers and those in C2 and DE socio-economic groups continue to be more likely than younger consumers and AB or C1s to use pre-pay mobiles. The age group showing the greatest decline in use of pre-pay packages are the 25-44 year olds, who for the first time are more likely to use contract (52%) than pre-pay mobiles (47%). Consumers in socio-economic group C1 are also significantly less likely to use pre-pay than they were last year.

⁶ Survey conducted by Ipsos-MORI on behalf of Ofcom and Jigsaw research in relation to mobile calling patterns during August 2008. Base: 878 mobile customers aged 15+

Figure 26: Income profile of pre-pay users

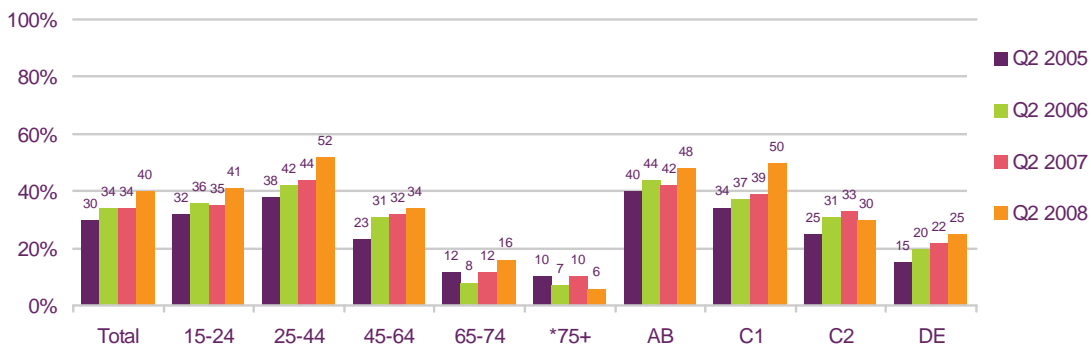


Base: All adults with mobile phone (Q2 2005, 1806) (Q2 2006, 1883) (Q2 2007, 1273) (Q2 2008, 1699)
 Source: Ofcom communications tracking survey

Use of pre-pay packages remains highest among lower income groups, while all income groups have seen a decline in use over the past few years.

4.2.10 Profile of users of contract packages

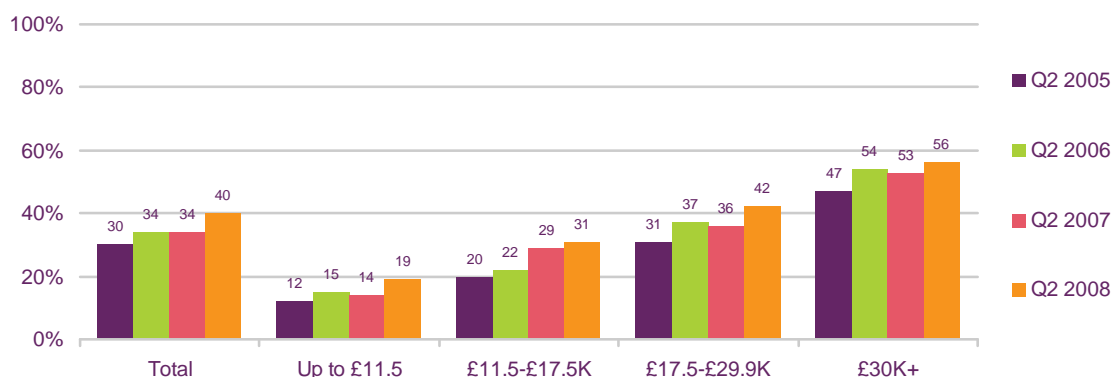
Figure 27: Age and socio-economic profile of contract users



* Small base size; treat as indicative only
 Base: All adults with mobile phone (Q2 2005, 1806) (Q2 2006, 1883) (Q2 2007, 1273) (Q2 2008, 1699)
 Source: Ofcom communications tracking survey

Consistent with the decline in use of pre-pay, the growth in use of contract packages has been driven by 25-44 year olds and those in socio-economic group C1. Consumers in socio-economic group C1 are now as likely as AB social groups to use contract phones.

Figure 28: Income profile of contract users



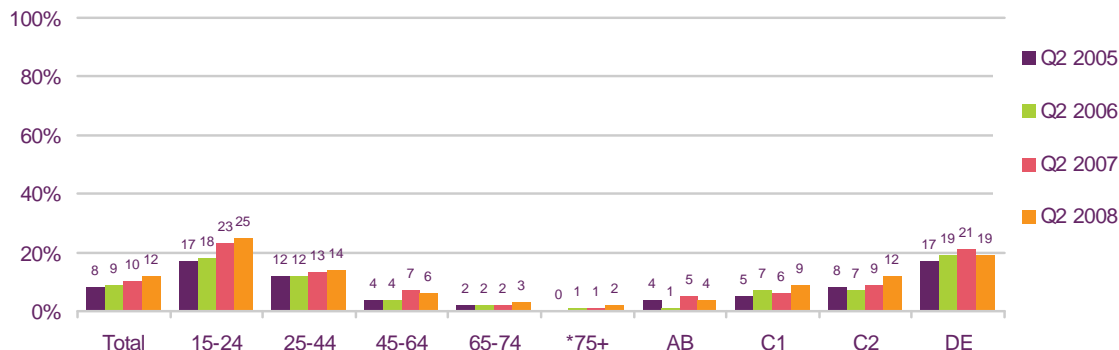
Base: All adults with mobile phone (Q2 2005, 1806) (Q2 2006, 1883) (Q2 2007, 1273) (Q2 2008, 1699)
 Source: Ofcom communications tracking survey

Use of contract mobile phones increases among higher income groups. Consumers living in households with an annual income in excess of £30K continue to be more likely to use contract phones than pre-pay.

4.2.11 Profile of users of mobile-only telephony

The following chart illustrates the changing profile of adults who live in a household with access to a mobile phone but no landline. The proportion of households using mobile phones without owning a fixed line has increased significantly, to 12%.

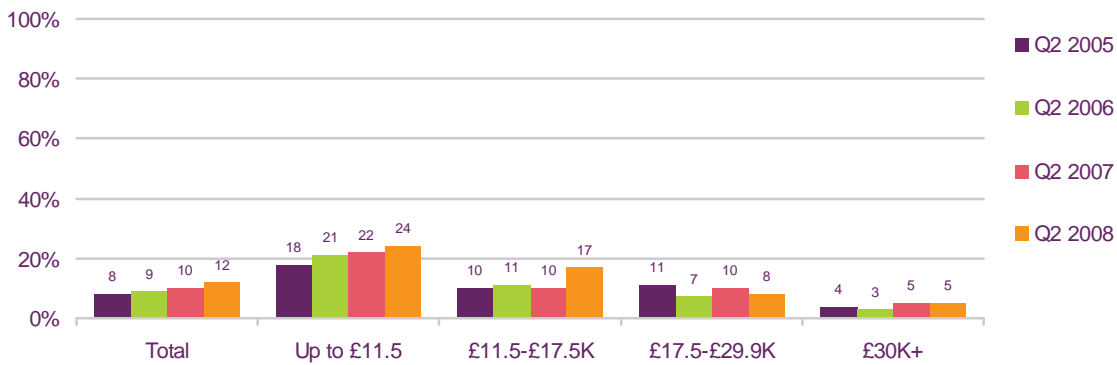
Figure 29: Age and socio-economic profile of users of mobile-only telephony



* Small base size; treat as indicative only
 Base: All adults (Q2 2005, 2206) (Q2 2006, 2439) (Q2 2007, 2265) (Q2 2008, 1699)
 Source: Ofcom communications tracking survey

The profile of consumers who rely solely on a mobile phone in the household remains broadly unchanged, but take-up among the demographic groups previously most likely to use only a mobile phone has increased. A quarter of 15-24 year olds and a fifth of DE socio-economic groups now live in a household with access only to a mobile phone.

Figure 30: Income profile of users of mobile-only telephony

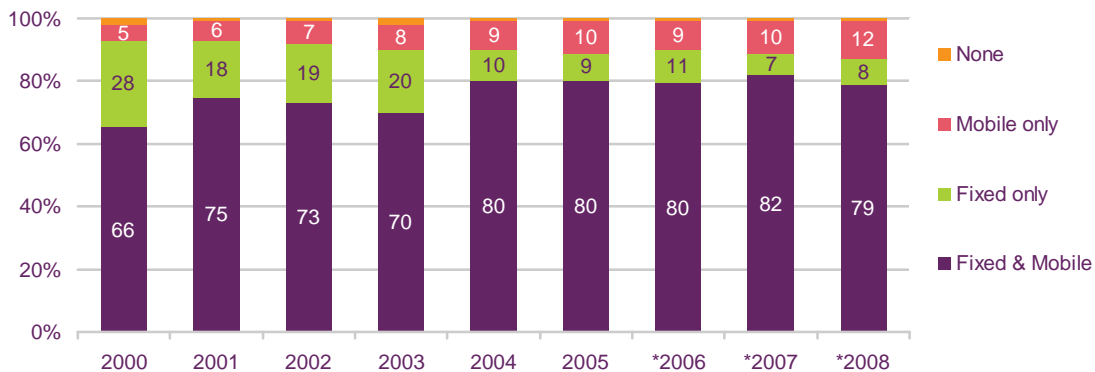


Base: All adults (Q2 2005, 2206) (Q2 2006, 2439) (Q2 2007, 2265) (Q2 2008, 1699)
 Source: Ofcom communications tracking survey

Consumers living in households with an annual income of £11.5-£17.5K saw the largest decline in use of landlines and subsequently the highest increase in sole reliance on mobile telephony. Almost a quarter (24%) of the lowest income bracket (up to £11.5K) live in households with access only to a mobile phone.

4.2.12 Take-up of fixed-line and mobile services

Figure 31: Take-up of fixed-line and mobile services



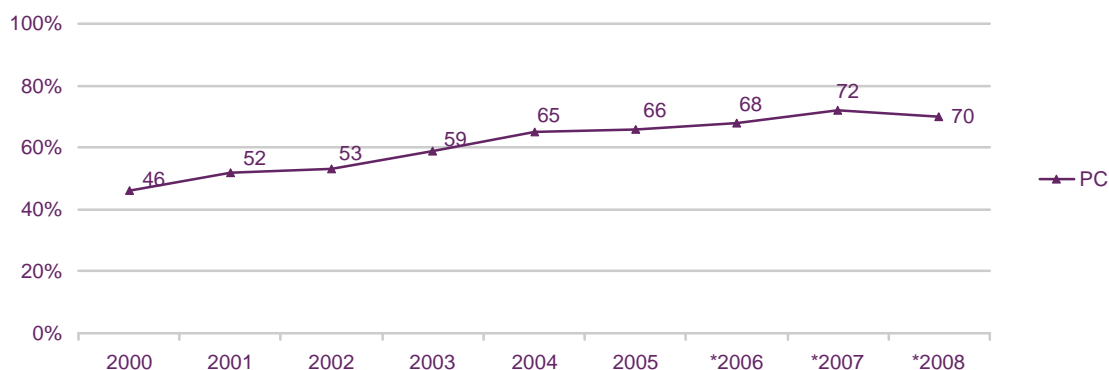
*Data for 2006-2008 based on Q2 data, all other data based on Q4.
 Base: All adults 15+.
 Source: Ofcom communications tracking survey, Q2 2008

As noted above, sole reliance on mobile phones for household communications needs has risen to 12%. Subsequently, the proportion of households with both a fixed line and a mobile has fallen to 79%. The fall in the proportion of landline-only homes, noted last year, has been sustained.

4.2.13 Take-up of internet services

Take-up of the internet can be assessed on two levels. The first metric covers consumers who access the internet at home, and the second measures the proportion of consumers who access the internet in any location. While the internet can be accessed via various platforms, the PC/laptop computer remains the most popular.

Figure 32: Ownership of PCs or laptops in the home



* Data for 2006-2008 based on Q2, all other data based on Q4
 Base: All adults 15+
 Source: Ofcom communications tracking survey

PC ownership (including laptops) in homes remains broadly stable at around seven in ten.

4.2.14 Profile of owners of PCs

Figure 33 below shows a comparison of PC ownership across the nations.

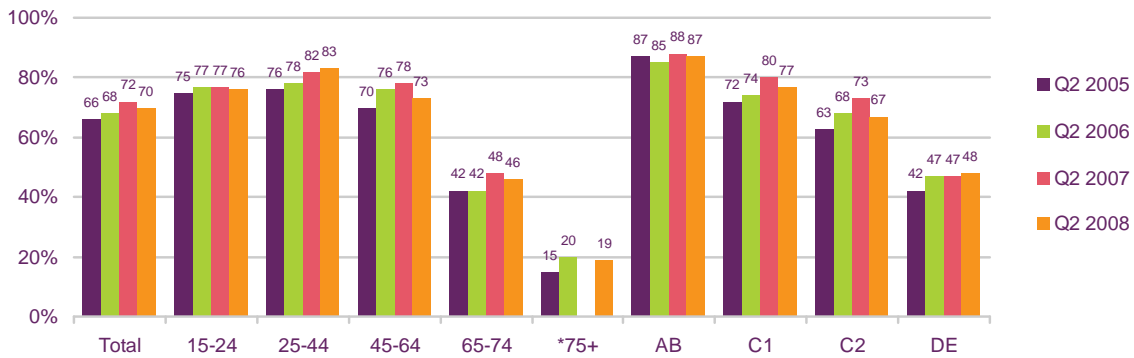
Figure 33: Nation profile of those who own a PC or laptop computer



Base: All adults (Q2/3 2005, 4426) (Annual 2006, 9134) (Q1 2008, 5812)
 Source: Ofcom communications tracking survey

Ownership of PCs is highest in England and lowest in Wales. Ownership in Scotland and Northern Ireland is broadly similar.

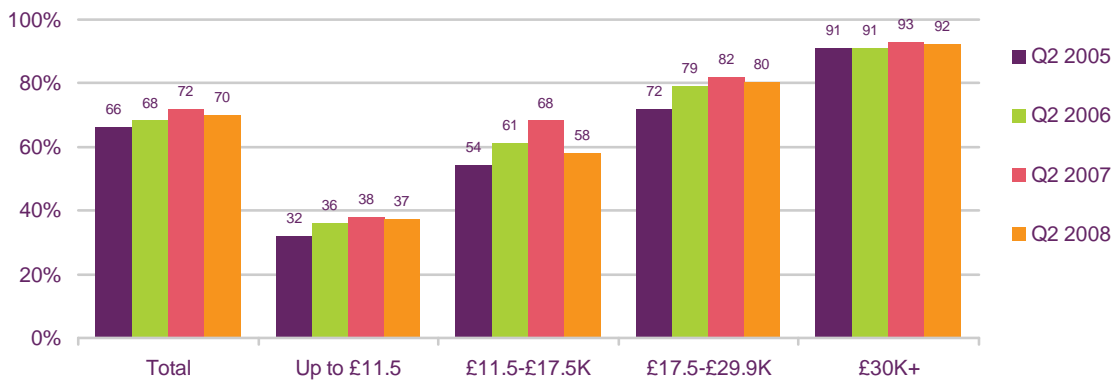
Figure 34: Age and socio-economic profile of those who own a PC



Base: All adults (Q2 2005, 2206) (Q2 2006, 2439) (Q2 2007, 2265) (Q2 2008, 2109)
 * Small base size; treat as indicative only. Data from 2007 has been removed as base was too small
 Source: Ofcom communications tracking survey

Overall, PC ownership has been relatively stable since 2006, suggesting that it may have reached a plateau. If so, this is likely to limit any further growth in take-up of the internet at home.

Figure 35: Income profile of those who own a PC

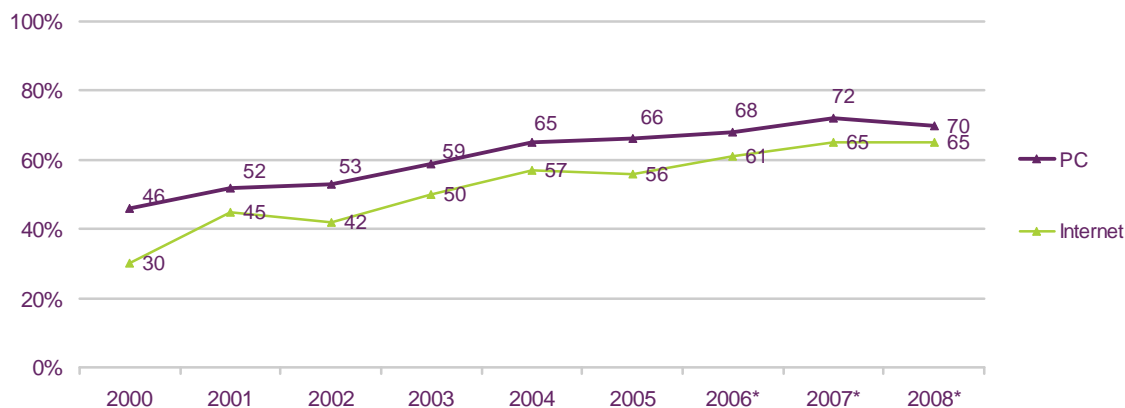


Base: All adults (Q2 2005, 2206) (Q2 2006, 2439) (Q2 2007, 2265) (Q2 2008, 2109)
 Source: Ofcom communications tracking survey

PC ownership remains highest among the higher income groups. The rise in ownership reported last year, among homes with an income of £11.5-£17.5K, has not been sustained and ownership in this group remains at around 60%.

4.2.15 Take-up of internet access at home

Figure 36: Take-up of the internet at home



Base: All adults 15+⁷. *Data for 2006-2008 based on Q2 data, all other data based on Q4.
 Source: Ofcom communications tracking survey

Following the significant increase in home internet ownership reported last year, take-up has stabilised at just under two-thirds of homes.

4.2.16 Profile of consumers who have taken up internet services

Figure 37 below shows a comparison of internet take-up across the nations.

Figure 37: Nation profile of those who have internet access at home

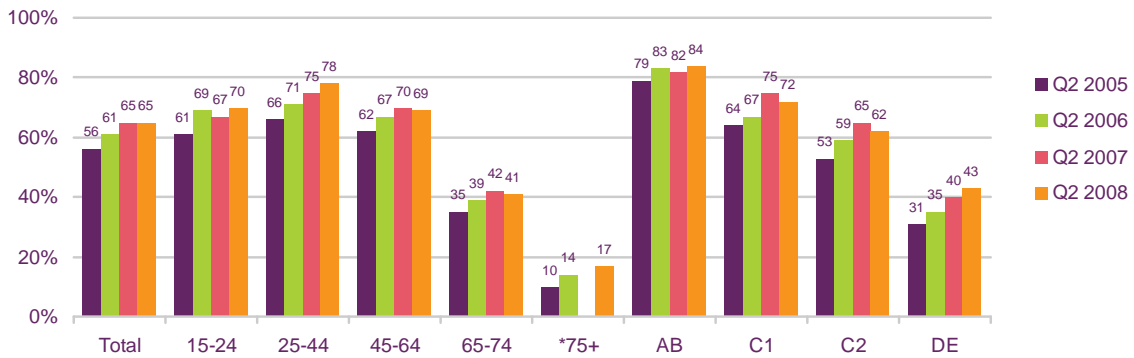


Base: All adults (Q2/3 2005, 4426) (Annual 2006, 9134) (Q1 2008, 5812)
 Source: Ofcom communications tracking survey

Internet ownership is highest in England and lowest in Wales. Around six in ten homes in Scotland and Northern Ireland have access to the internet.

⁷ Base : (Q4 2000, 2133) (Q4 2001, 2159) (Q4 2002, 2138) (Q4 2003, 2150) (Q4 2004, 2131) (Q4 2005, 2214) (Q2 2006, 2439) (Q2 2007, 2265)

Figure 38: Age and socio-economic profile of those who have internet access at home



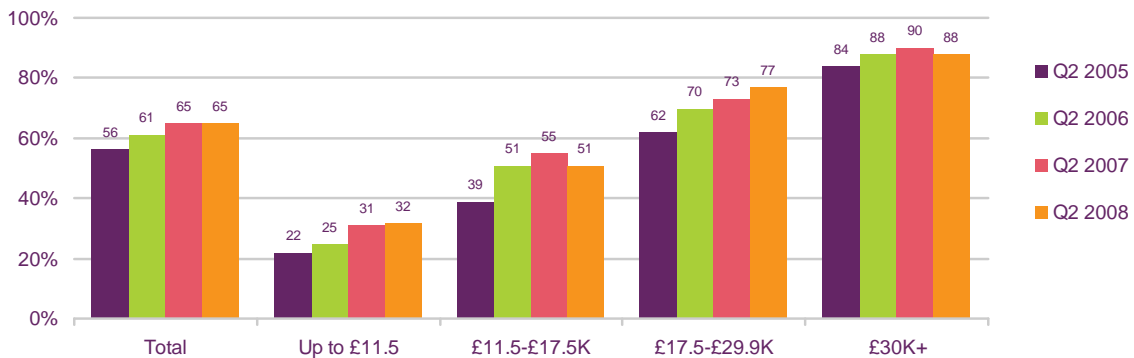
* Small base size treat as indicative only

Base: All adults (Q2 2005, 2206) (Q2 2006, 2439) (Q2 2007, 2265) (Q2 2008, 2109)

Source: Ofcom communications tracking survey

Unsurprisingly, since internet ownership has remained unchanged over the last year, there has been little change in ownership by demographic group. Over-75s remain the least likely group to have internet at home, and also the least likely to own a PC – just under a fifth of this age group have access to a home PC.

Figure 39: Income profile of those who have internet access at home



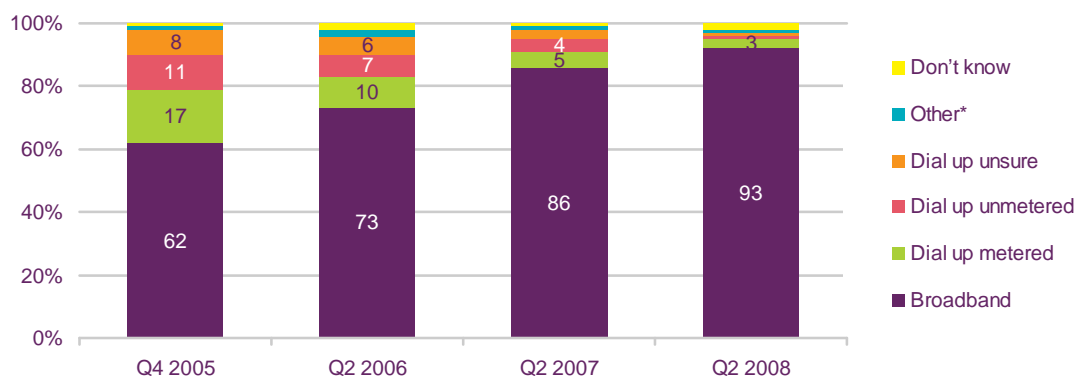
Base: All adults (Q2 2005, 2206) (Q2 2006, 2439) (Q2 2007, 2265) (Q2 2008, 2109)

Source: Ofcom communications tracking survey

Consumers with a lower household income (less than £11.5K) continue to be less likely than the general population to have the internet at home; again, consistent with the lower than average PC ownership.

4.2.17 Trends in internet connection methods

Figure 40: Trends in connection methods



* 'Other' includes ISDN, mobile handset and, more recently, mobile broadband via USB/dongle.
 Base: All adults who have internet, Q4 2005 (1159), Q2 2006 (1267), Q2 2007 (1398), Q2 2008 (1344)
 Source: Ofcom communications tracking survey

While internet ownership has remained unchanged, there has been continued movement towards broadband among those already connected. Ninety-three per cent of main home internet connections use broadband, with only 5% continuing to use dial-up as their main internet connection method.

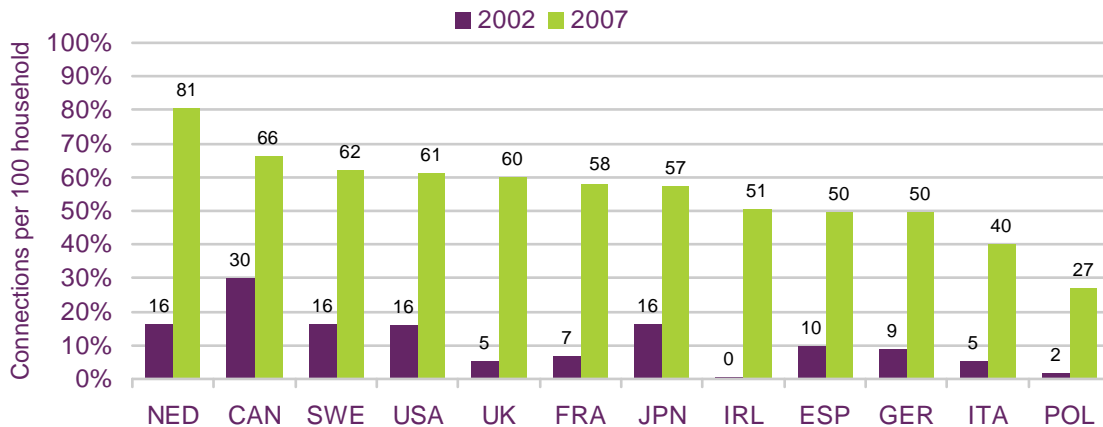
Around a third of broadband customers said they used a fixed wireless connection and research conducted by GfK NOP in Q1 2008 found that 4% of adults aged 16+ were using mobile broadband services. Most of those using mobile broadband said that this was in addition to their fixed connection. Ofcom will be monitoring use of fixed wireless broadband and mobile broadband over the coming months.

4.2.18 Take-up of broadband – international comparisons

Figure 41 compares the number of broadband connections per 100 households in the UK with levels in other countries.

It should be noted that, because separate data for residential and business broadband connections are not available for most countries, the numbers below include some business connections (although the dedicated corporate access market is excluded).

Figure 41: Take-up of broadband – international comparisons



Source: Ofcom / national regulators 2007
 Base: total population

All the countries in this comparison have seen significant increases in broadband ownership since 2002. However, the levels of broadband penetration across European countries vary significantly, ranging from 81 connections per 100 households in the Netherlands to 27 in Poland in 2007.

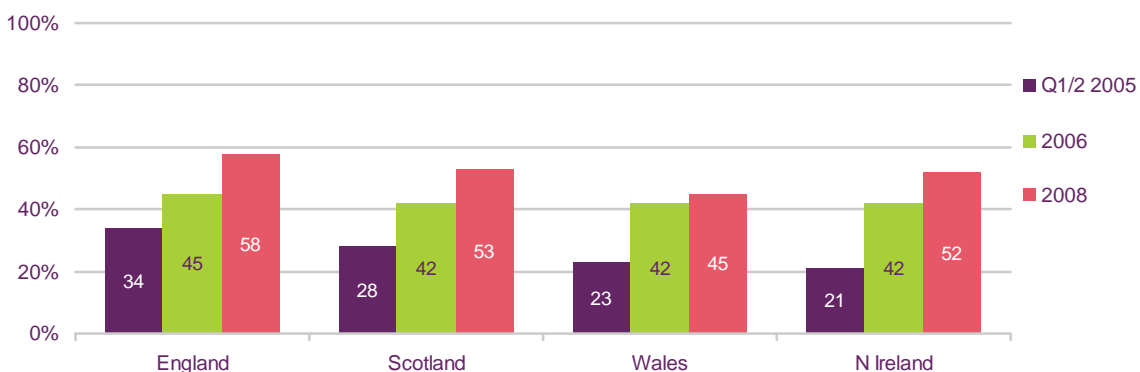
The UK had the third highest number of connections in Europe, per household, at 60, and is broadly comparable with Sweden, USA and Japan and ahead of other large European countries.

Wide availability of broadband services, combined with falling prices driven by local-loop unbundled (LLU) services, has resulted in a substantial rise in UK penetration since 2002.

4.2.19 Profile of consumers who have taken up broadband connections - UK

The chart below shows a comparison of take-up of broadband services across the nations.

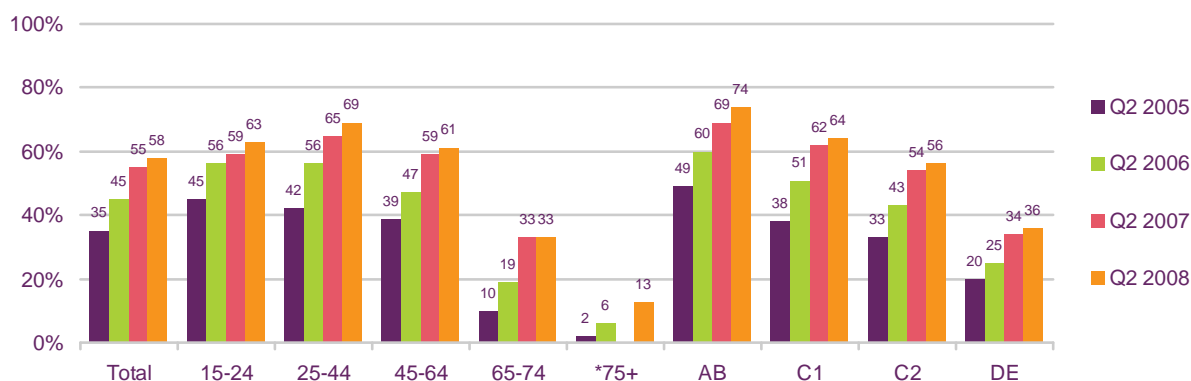
Figure 42: Nation profile of those who have broadband access at home



Base: All adults (Q1/2 2005, 4426) (Annual 2006, 5692) (Q1 2008, 5812)
 Source: Ofcom communications tracking survey

Take-up of broadband at home has increased across all the nations, particularly England and Scotland. With the exception of Wales, over half of all homes in the UK now have a broadband connection.

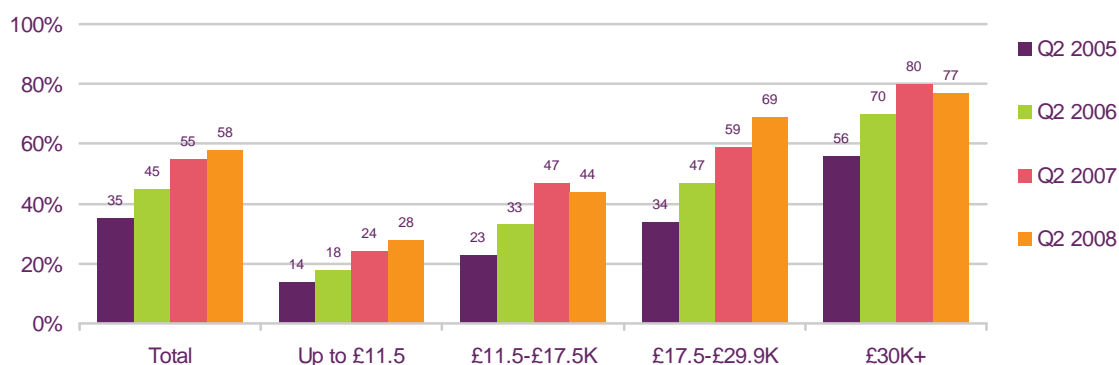
Figure 43: Age and socio-economic profile of those who have broadband access at home



* Small base size treat as indicative only
 Base: All adults (Q2 2005, 2206) (Q2 2006, 2439) (Q2 2007, 2265) (Q2 2008, 2109)
 Source: Ofcom communications tracking survey

Take-up of broadband has continued to increase, and 57% of adults now have broadband at home; most demographic groups have seen a rise in broadband ownership over the last year. Broadband ownership among over-75s stands at 13%, just over twice the level reported in 2006.

Figure 44: Income profile of those who have broadband access at home



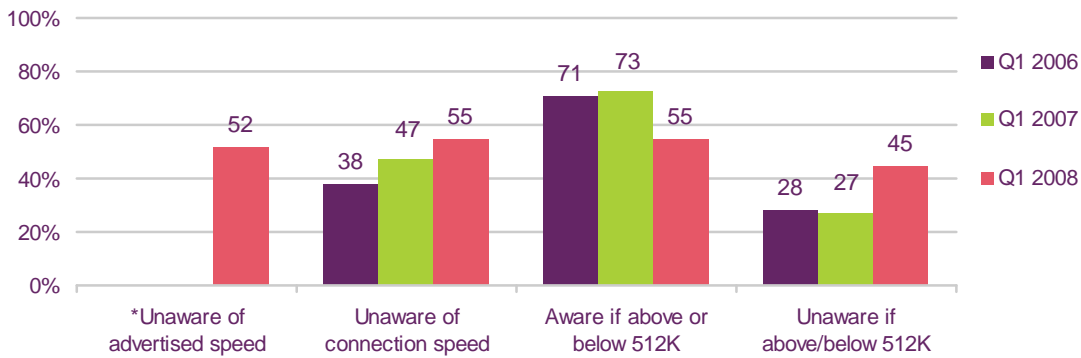
Base: All adults (Q2 2005, 2206) (Q2 2006, 2439) (Q2 2007, 2265) (Q2 2008, 2109)
 Source: Ofcom communications tracking survey

The rise in broadband ownership has, at least in part, been driven by consumers with a household income of £17.5 - £29.9K; rising 10 percentage points in the last year. Take-up among those earning less than £11.5K is still significantly less than the average (28%) but consistent with the lower level of internet ownership.

4.2.20 Awareness of broadband subscription type

It is important for consumers to be aware of some of the technical aspects of their internet connections, such as speed, in order for them to make informed supplier and service choices.

Figure 45: Level of awareness of broadband connection speed



Base: All adults 15+ with a broadband connection (Q2 2006, 1025) (Q2 2007, 806) (Q1 2008, 3219)
 Source: Ofcom communications tracking survey
 * new to this report, first asked in Q1 2008

The proportion of broadband customers unaware of their connection speeds has continued to grow – 55% were unaware of their connection speed (actual speed). Awareness did not increase dramatically on prompting, with 55% aware that their speed was either above or below 512K.

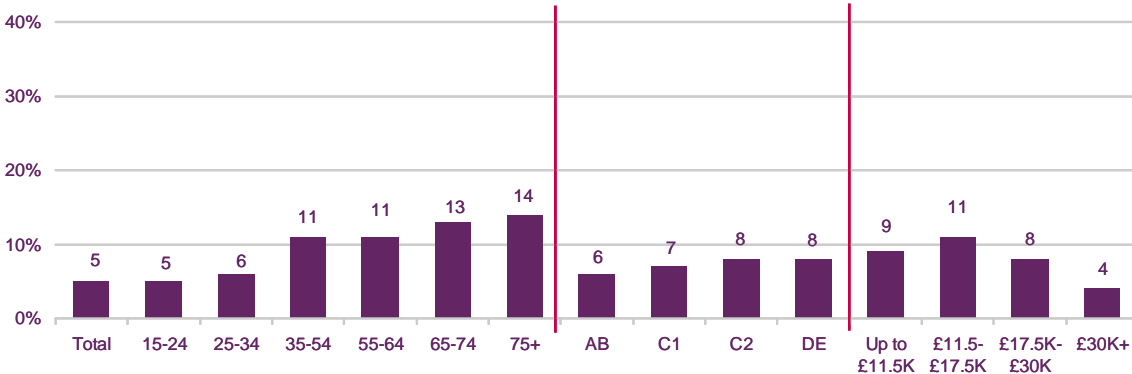
This increased lack of awareness may, in part, be due to newer broadband customers being less familiar with the technology. Press coverage about advertised maximum or headline speeds differing from actual speeds may have increased the confusion.

More than half of all broadband customers were unaware of their providers’ advertised headline speeds. There was not a great deal of demographic variation between those who were aware of their internet speed and those who were not. But there was a tendency for awareness to decrease with age – 78% of broadband customers aged 75+ were unaware of their advertised speeds and 84% were unaware of the actual speeds they were receiving.

4.2.21 Profile of consumers with a dial-up internet connection

The proportion of consumers continuing to use dial-up internet has been in decline; only 5% of UK adults continue to use this connection method. The following charts provide some demographic information on these consumers and their reasons for not switching to broadband.

Figure 46: Age and socio-economic profile of those who have dial-up internet access at home



Base: All adults 15+ (Q1 2008, 5812)
 Source: Ofcom communications tracking survey

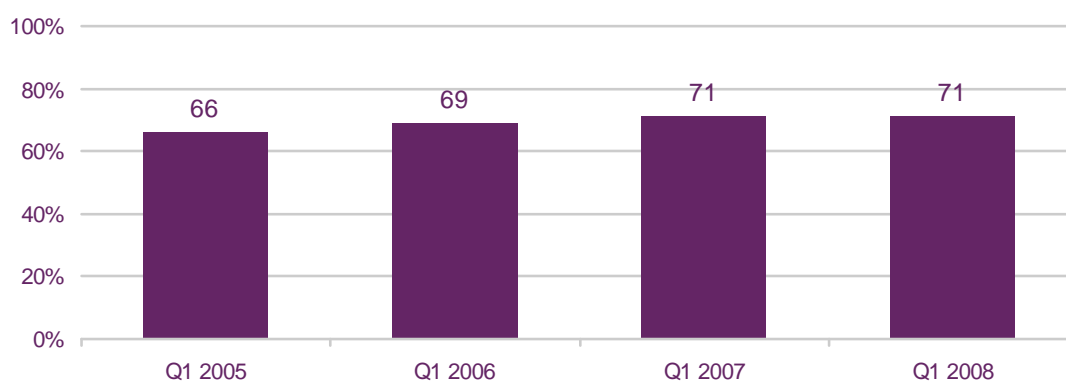
Older internet customers are the most likely to still be using dial-up for their main home internet connection. Almost a third (31%) said they were likely to upgrade to broadband in the next 12 months. The main reasons given by the remainder for being unlikely to upgrade were: “satisfaction with current connection”, “too expensive” and “don’t use the internet enough”; each of these was mentioned by a third of dial-up customers who said they were unlikely to upgrade.

There are indications that broadband customers spend more each month on their service compared to dial-up customers. Self-reported spend data suggest that broadband customers spend around £18 each month compared to £13 among the small sample of dial-up customers⁸. This indicates that some dial-up customers are paying more for their internet service than some basic broadband services cost.

4.2.22 Use of internet services anywhere

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

Figure 47: Use of the internet in any location

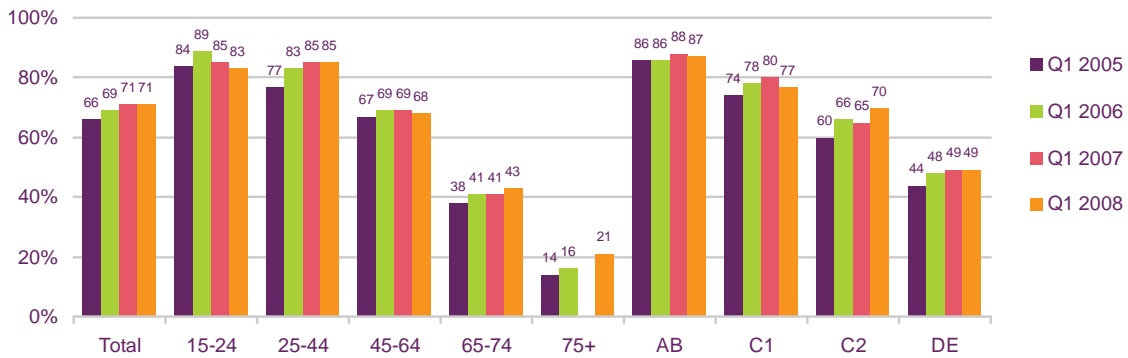


Base: All adults 15+ (2005, 2217) (2006, 2214) (2007, 2311) (2008, 5812)
 Source: Ofcom communications tracking survey

Use of the internet, in any location, has remained unchanged over the last year. Seventy-one per cent of adults access the internet either at home or elsewhere. Interestingly, 3% of adults with internet access at home do not use it – 1% had children living at home while 2% did not. There were indications that adults aged 35-54 and those with a household income of £11.5-£17.5K are the most likely to have internet access at home but not use it. Overall use of the internet among these particular demographic groups is, however, broadly similar to the UK average, suggesting that while they do not use the internet at home, they do access it elsewhere.

⁸ Data from Ofcom’s communications tracking survey, Q3 2008 among 944 broadband customers and 55 dial-up customers

Figure 48: Use of internet anywhere, by age and socio-economic group



Base: All adults 15+ (2005, 2217) (2006, 2214) (2007, 2311) (2008 5812)
 Source: Ofcom communications tracking survey, Q1 each year

As there has been no change in the proportion of adults accessing the internet, it is unsurprising that the demographic profile of internet ‘users’ also remains broadly similar. Over-65s and DEs have a lower level of use than the average population.

Figure 49: Use of internet anywhere, by income

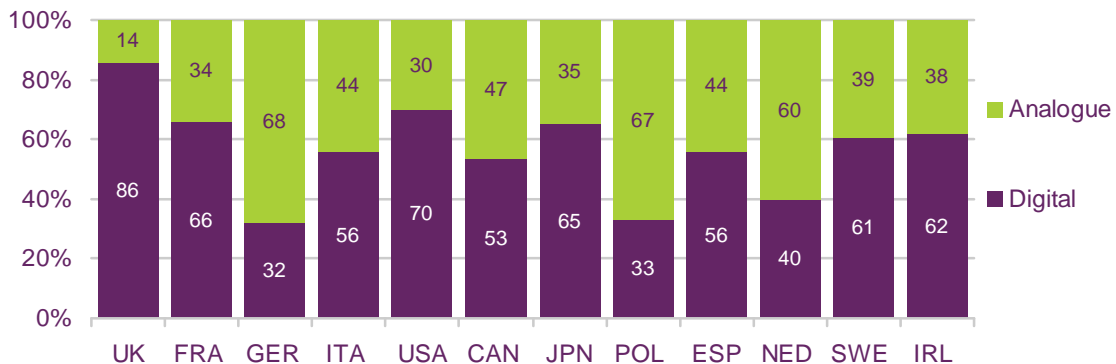


Base: All adults 15+ (2005, 2217) (2006, 2214) (2007, 2311) (2008, 5812)
 Source: Ofcom communications tracking survey, Q1 each year

Consumers earning less than £11.5K are less likely than other income groups to use the internet anywhere.

4.2.23 Take-up of digital television by platform – international comparisons

Figure 50: Take-up of digital television – international comparisons



Source: Ofcom / national regulators 2007. Base: total population

Household penetration of digital TV is higher in the UK than in all other countries compared, as shown in Figure 50 above.

Figure 51: Take-up of digital television: international comparisons, by platform

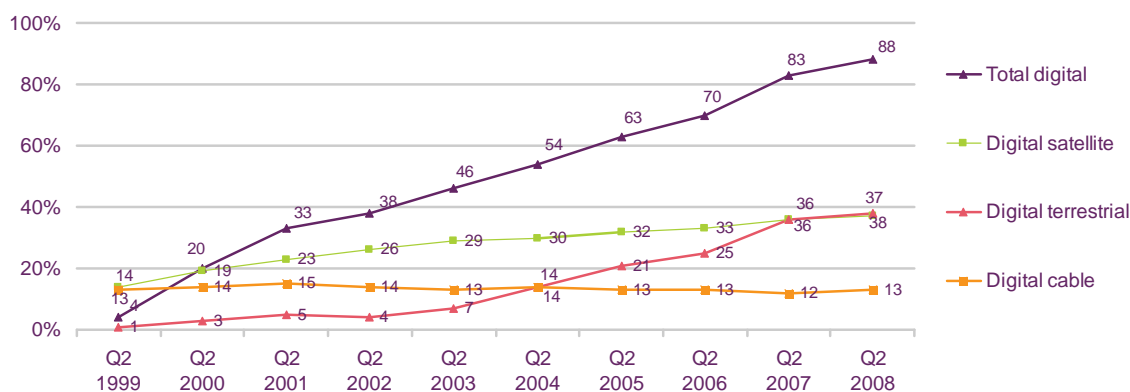


Source: Ofcom / national regulators 2007. Base: total population

Looking at individual platforms, the UK has the highest take-up of digital terrestrial services, the second highest take-up of digital satellite (after Republic of Ireland) along with Japan.

4.2.24 Take-up of digital TV services, by platform - UK

Figure 52: Take-up of digital TV services, by platform



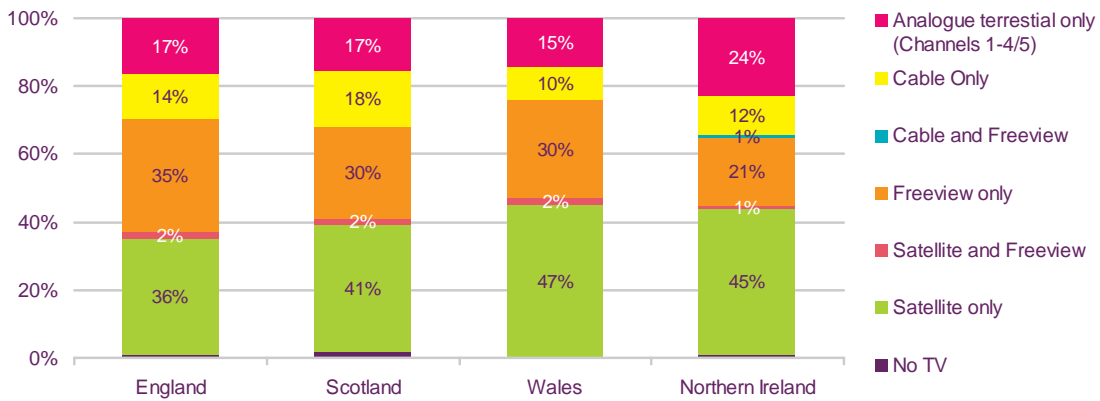
Source: Ofcom *Digital Television Update*, figures rounded up to whole %.

Figure 52 illustrates the continued growth of digital TV take-up, which rose from 83% in Q2 2007 to 88% in Q2 2008. Take-up has increased consistently year on year since 2003. This rise has been driven by the continued increase in digital terrestrial (Freeview) and a small increase in satellite ownership during the same period.

4.2.25 Profile of owners of digital TV services

Figure 52 shows household data provided by industry. It is not possible to derive demographic information from these data and, therefore, consumer data is used in the following figures. Penetration figures differs between the two data sources as one is by subscription (industry figures) and the other is claimed (survey figures).

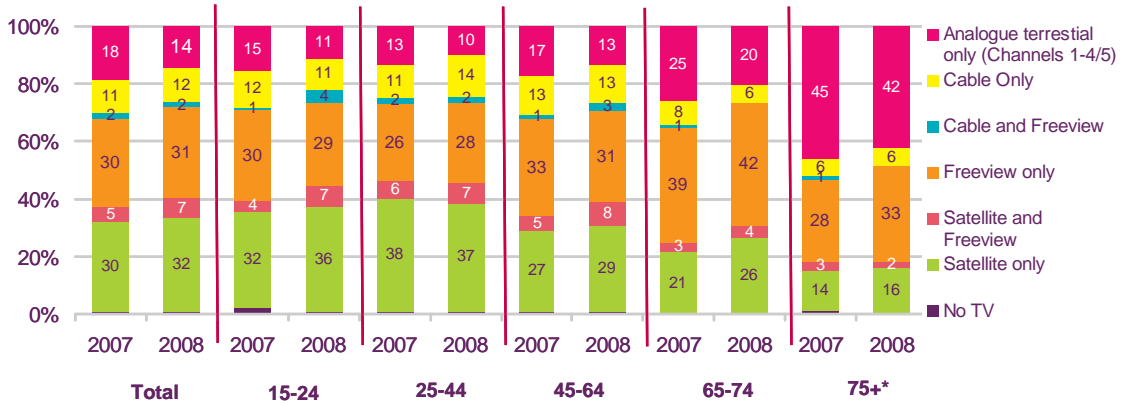
Figure 53: Multiplatform ownership, by nation



Base: All adults 15+ (Q1 2008, 5812)
 Source: Ofcom communications tracking survey

Take-up of satellite-only services is highest in Wales and Northern Ireland. The relatively high penetration of satellite in Wales may be due in part to the geography, which affects Freeview and cable coverage. Northern Ireland is the nation where households are most likely to have analogue terrestrial channels only (24%).

Figure 54: Trend in multichannel platform ownership, by age

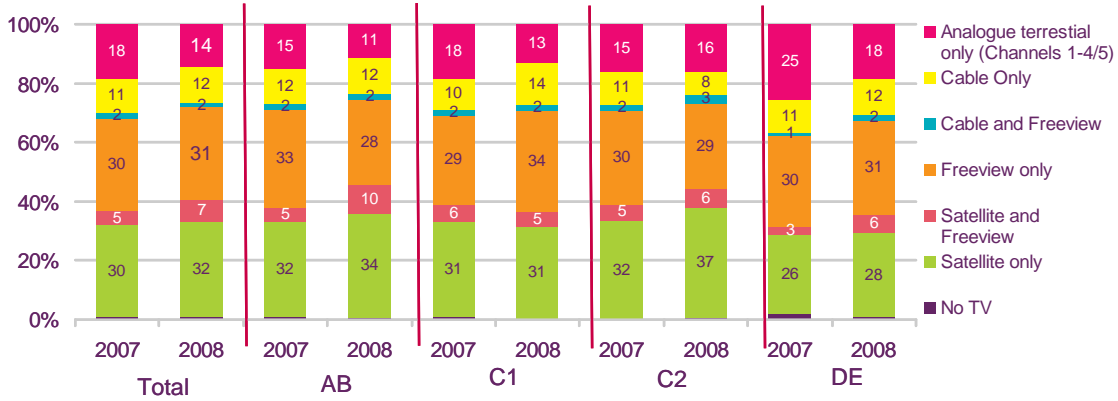


* Small base size; treat as indicative only
 Base: All adults 15+ (Q2 2008, 2109)
 Source: Ofcom communications tracking survey

As noted in Figure 54, Freeview and satellite television services are now used by equal proportions (38% and 39% respectively). The rise in satellite ownership has been driven by 15-24 and 45-74 age groups, while Freeview has risen significantly among the two older age groups.

While satellite is most common among 15-44 year olds, Freeview take-up is higher than average among 65-74 year olds (46%). The 75+ age group remains the least likely to have any digital TV platform, with 42% owning only analogue terrestrial TV.

Figure 55: Trend in multichannel platform ownership, by socio-economic group



Base: All adults 15+ (Q2 2008, 2109)
Source: Ofcom communications tracking survey

There were few differences in platform ownership by socio-economic group. C2DE groups were more likely than ABC1s to own only analogue terrestrial TV.

The groups driving the rise in use of satellite services were the AB and C2 socio-economic groups.

Figure 56: Trend in multichannel platform ownership, by income



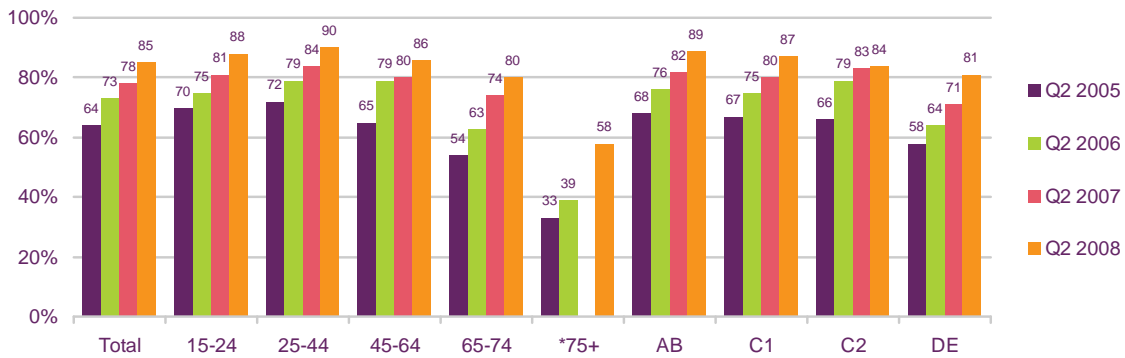
Base: All adults 15+ (Q2 2008, 2109)
Source: Ofcom communications tracking survey

A fifth of adults with an annual household income of up to £11.5K have access only to analogue terrestrial TV, although this represents a fall from 30% in 2007, driven by increased ownership of Freeview and satellite services among this income group.

Penetration of both these platforms has increased across most income groups. There has been a significant increase in ownership of Freeview-only services among households with an annual income of up to £11.5K (up from 34% in 2007), and those with an annual income of between £17.5K and £29.9K (up from 30% in 2007).

Adults living in households with £30K+ income are now more likely than they were last year to take Freeview as well as satellite services – 13% compared to 7% in 2007 - while satellite penetration among this income group remains broadly unchanged.

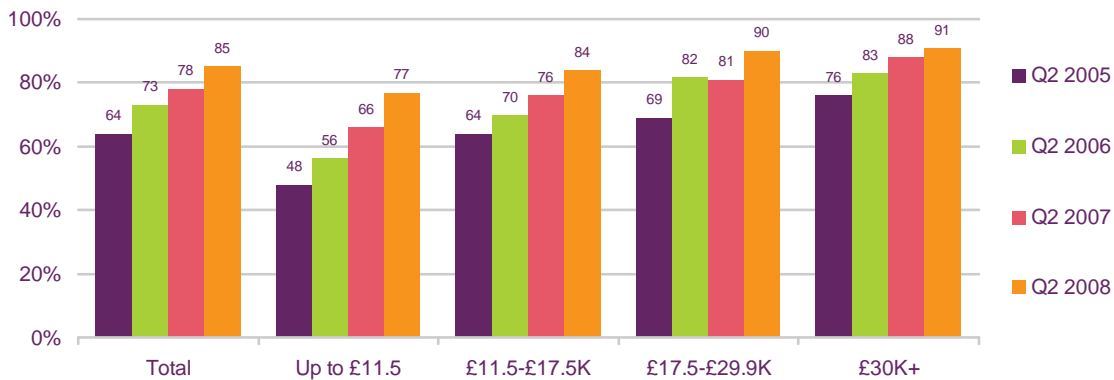
Figure 57: Age and socio-economic profile of digital TV owners



* Small base size treat as indicative only
 Base: All adults 15+ (Q2 2005, 2206) (Q2 2006, 2439) (Q2 2007, 2265)
 Source: Ofcom communications tracking survey

Take-up of digital TV platforms in general has continued to increase significantly in the last 12 months among all demographic groups, particularly among DE socio-economic groups, with a 10 percentage point increase on 2007, which is higher than the national growth over the same period.

Figure 58: Income profile of digital TV owners

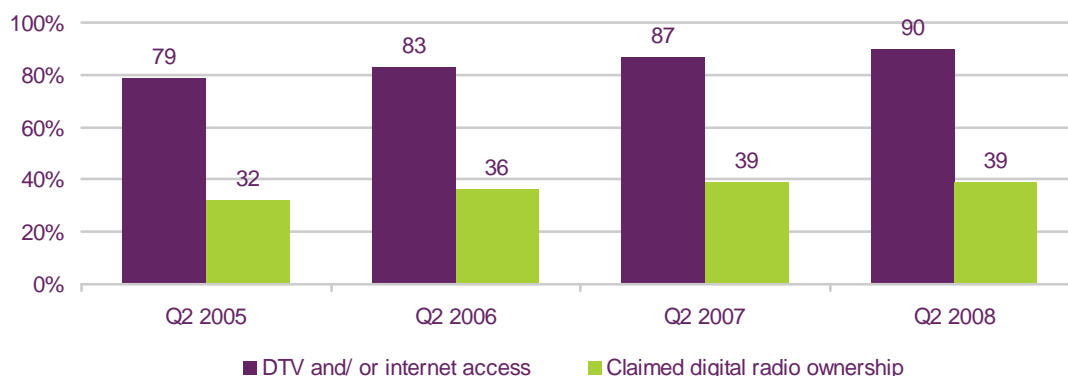


Base: All adults 15+ (Q2 2005, 2206) (Q2 2006, 2439) (Q2 2007, 2265) (Q2 2008, 2109)
 Source: Ofcom communications tracking survey

The lowest income bracket has seen the largest rise in ownership of digital TV services – up 11 percentage points on last year. More than three-quarters of homes with an annual income of less than £11.5K now have digital TV. This growth has helped to close the digital divide between the two extreme income groups; from 22 percentage points in 2005 to 14 in 2008.

4.2.26 Take-up of digital radio services

Figure 59: Take-up of digital radio services



Base: All adults 15+ (Q2 2005, 2206) (Q2 2006, 2439) (Q2 2007, 2265) (Q2 2008, 2109)
 Source: Ofcom communications tracking survey

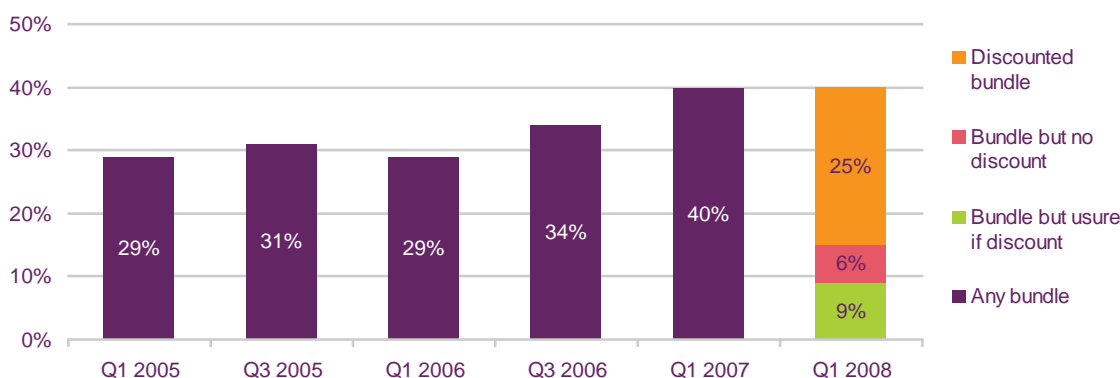
Take-up of digital services that can deliver digital radio (i.e. digital TV and internet) has continued to increase, with a three percentage point rise since last year. However, the proportion of consumers aware that they have access to digital radio services at home has remained unchanged at 39%. This highlights the continued lack of awareness among consumers of ways of accessing digital radio.

4.2.27 Take-up of bundled services

Since 2005 and the start of LLU, there has been an increase in the number of 'bundles' or packages of communications services offered to consumers. This was particularly evident throughout 2006 with the launch of bundled offers, particularly in the areas of fixed line and broadband, offering discounts for taking up two services together.

Figure 60 illustrates the trend in 'simple' bundled purchasing⁹ – whereby a consumer purchases more than one service from a single supplier, which may or may not include a discount. The latest data, new to this report, show the proportion of 'discounted/tied' bundles¹⁰.

Figure 60: Percentage of consumers buying bundled services



⁹ 'Simple' bundle is where consumers purchase more than one service from a single supplier.

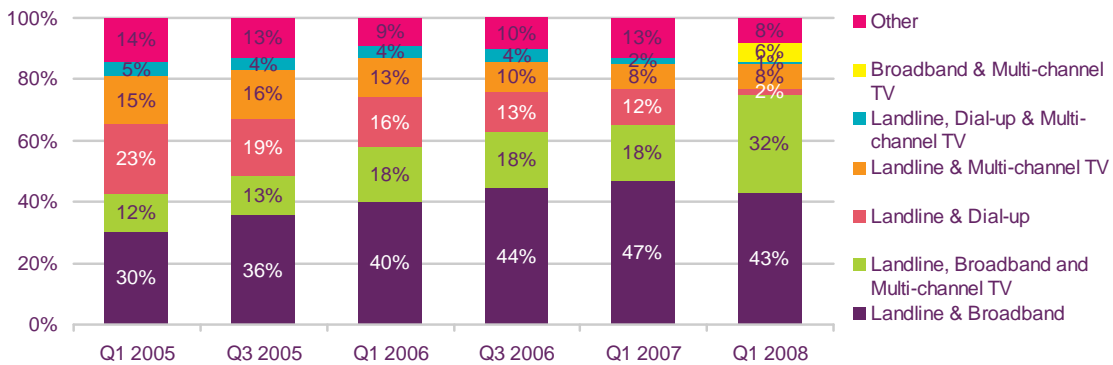
¹⁰ 'Discounted/tied' bundle is where one service or product is tied to the supply of others through the use of discounts.

Base: All adults (Q1 2005, 2217) (Q3 2005, 2220) (Q1 2006, 2214) (Q3 2006, 2166) (Q1 2007, 2311) (Q1 2008, 5812)
 Source: Ofcom communications tracking survey

There was little change in take-up of bundles until Q1 2006, but by Q3 that year take-up had increased significantly. This trend continued in 2007, with two in five consumers purchasing at least two of their communications services from a single supplier, but it has subsequently stabilised.

In Q1 2008 a quarter of adults purchased a 'discounted/tied' bundle, 6% had a 'simple' bundle, and the remainder (9%) were uncertain whether or not they received a discount with their bundle.

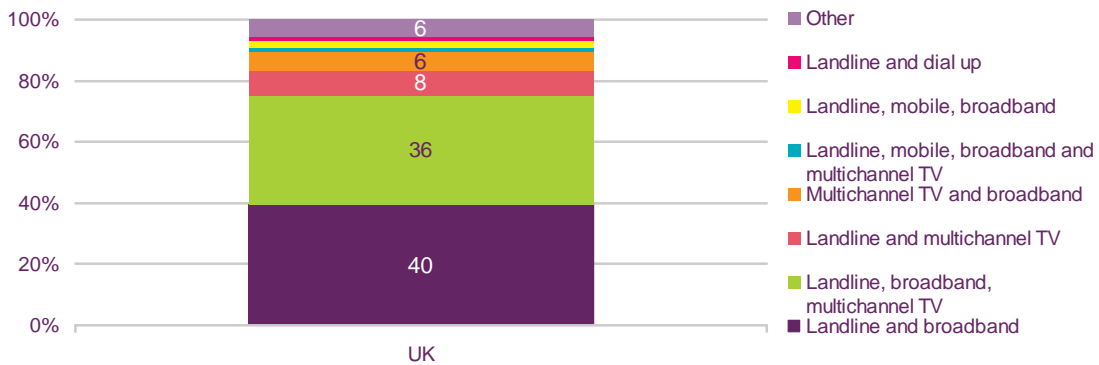
Figure 61: Trends in purchasing multiple communications services from a single supplier



Base: All adults who bundle at least two services (Q1 2005, 640), (Q3, 2005, 681), (Q1 2006, 686), (Q3 2006, 730), (Q1 2007, 914) (Q1 2008, 812) – 2005-2007 broadband and multichannel TV bundle included in 'other' category
 Source: Ofcom communications tracking survey

While, at an overall level, use of bundled services has remained unchanged during the last year, there have been shifts in the proportion purchasing different types of packages. Having the same supplier for fixed-line and broadband services is still the most common bundled package (43%). However, the triple play offer of fixed line, broadband and multichannel TV has increased significantly by 14 percentage points (18% in 2007 to 32% in 2008), making it the second most popular bundled package. This appears to have largely been a consequence of consumers switching from dial-up to broadband and choosing to use either their current or a new multichannel TV provider for landline, broadband and TV.

Figure 62: Types of discounted bundled packages

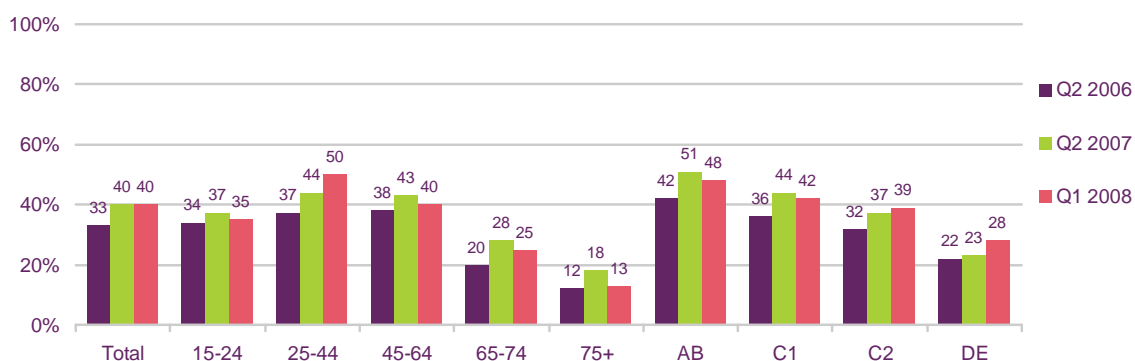


Source: Ofcom Communication Tracking Survey
 Base: All adults who bundled at least two services and receive a discount or special deal (Q1 2008, 1267)

The most common ‘discounted’ bundle is landline and broadband (40%) although almost as many consumers are bundling these two services together with their multichannel TV services (36%).

Figures 63 and 64 are based on consumers with a ‘simple’ bundle, as the proportion with a discount is too small to allow meaningful demographic analysis.

Figure 63: Age and socio-economic profile of owners of bundled communications services

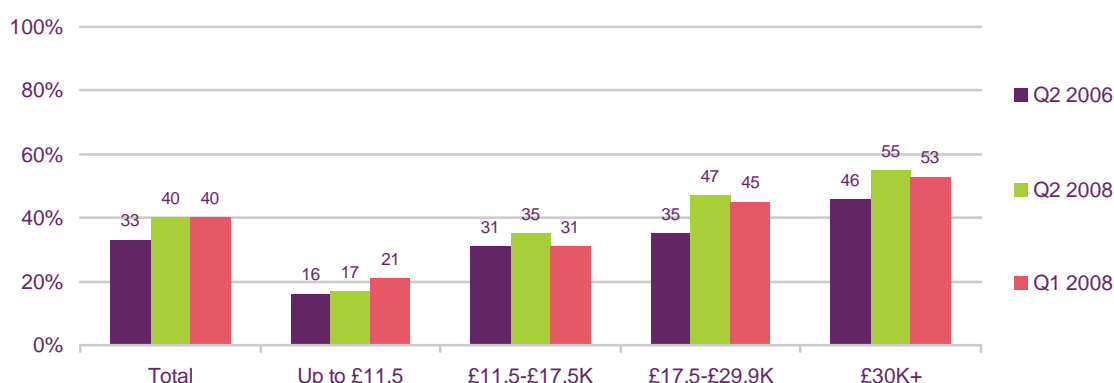


Base: All adults 15+ (Q2 2006, 2439) (Q2 2007, 2253) (Q1 2008, 5812)
 Source: Ofcom communications tracking survey

Half of all consumers aged 25-44 purchase at least two of their communications services from a single supplier. While bundled purchasing appears to have fallen among most age groups, this group has sustained the overall level of bundling, at 40%, with an individual increase of 6 percentage points.

Over-75s remain the least likely group to purchase bundles of services, although this age group is also the least likely to own broadband and multichannel TV – the two services driving bundled purchasing.

Figure 64: Income profile of owners of bundled communications services



Base: All adults 15+ (Q2 2006, 2439) (Q2 2007, 2253) (Q1 2008, 5812)
 Source: Ofcom communications tracking survey

Higher income groups remain the most likely group to purchase bundles, which is probably due to the higher levels of ownership of multiple communications services among these groups. The only income group in which bundled purchasing rose was the group earning up to £11.5K.

4.3 Consumer access and take-up - metric 3: non-ownership of communications services

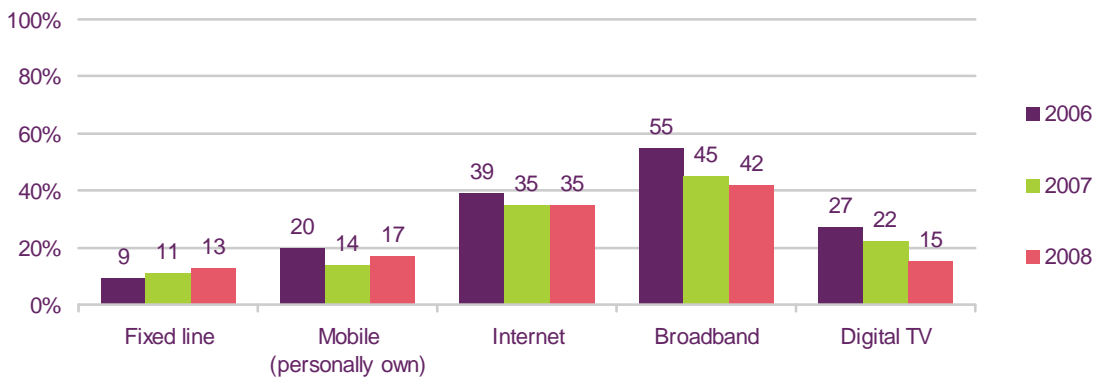
Understanding non-ownership and the reasons for it tells us whether there are any issues that need to be addressed to enable consumers to access communications services.

There are many possible reasons for not owning a particular communications service, and these generally fall into one of two categories; voluntary and involuntary. Voluntary non-ownership is where potential consumers do without services because they perceive they do not need them, or because they are satisfied with alternative services. Involuntary non-ownership is where potential consumers do without services but not through choice; this is mainly due to affordability. See Annex 2 for a full demographic profile of voluntary and involuntary reasons for not owning specific communications services.

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

4.3.1 Non-ownership of communications services

Figure 65: Non-ownership of communications services

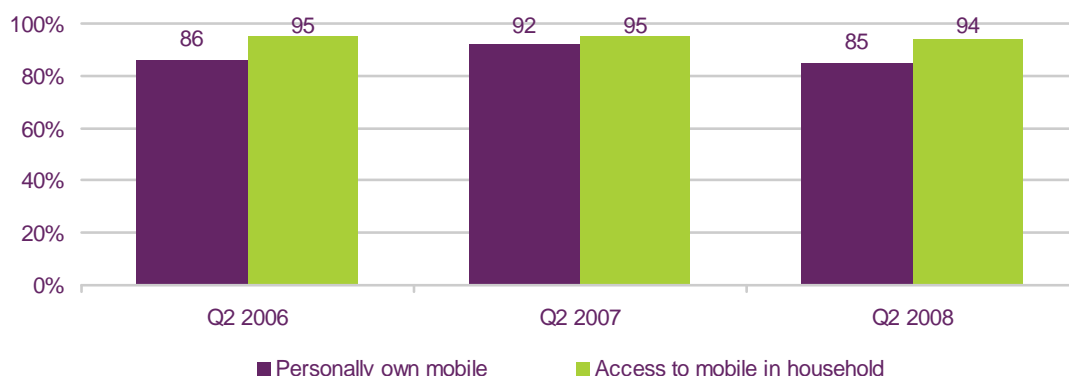


Base: All adults 15+ (Q2 2006, 2439) (Q2 2007, 2265) (Q2 2008, 2109)
 Source: Ofcom communications tracking survey

Non-ownership of fixed lines, mobiles and the internet remains stable at 13%, 17% and 35% respectively. Just over two-fifths (42%) of adults do not have broadband and 15% do not have digital TV¹¹.

¹¹ A minority of adults were unsure if they had digital TV and/or broadband (between 1%-2%) these respondents have been classified as non-owners

Figure 66: Access to mobile services among those who do not have access to a fixed line

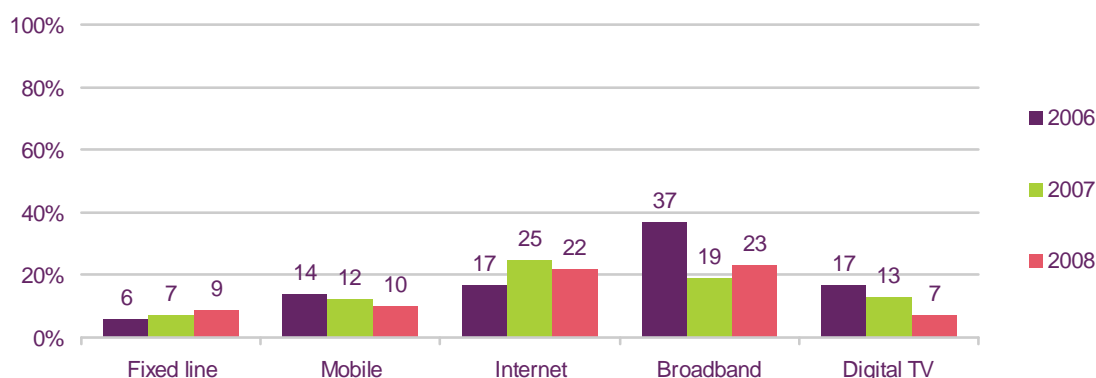


Base: All adults 15+ who do not own a fixed line (Q2 2006, 217) (Q2 2007, 243) (Q2 2008, 261)
 Source: Ofcom communications tracking survey

The majority of consumers living in a household without access to a fixed line personally use a mobile phone (85%), and 94% have access to a mobile in their household.

4.3.2 Intention of taking up communications services

Figure 67: Do not intend to take up services in the next 12 months



Base: All adults 15+ (Q2 2006, 2439) (Q2 2007, 2265) (Q2 2008, 2109)
 Source: Ofcom communications tracking survey

At least half of those without each service said they were unlikely to take it up. However, for internet and digital TV, fewer consumers said they were unlikely to take up these services than previously. This is largely driven by the increased take-up of these services, highlighting the fact that stated intentions do not always reflect actual behaviour.

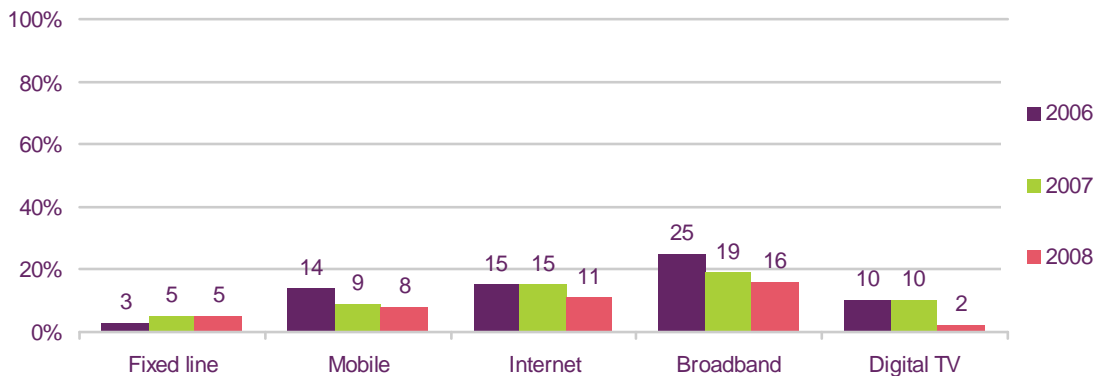
4.3.3 Voluntary non-ownership of communications services

This section assesses the numbers, and profiles, of consumers who do not own various communications devices for voluntary reasons.

Voluntary non-ownership is where potential consumers have not taken up services, primarily due to their perceived lack of need for a service, or their satisfaction with alternative services. Where both voluntary and involuntary reasons were stated, involuntary non-ownership is reported. This assumes that involuntary reasons take precedence over voluntary reasons (which is not always the case). It should also be noted that some

consumers may give 'voluntary' non-ownership reasons because they do not wish to disclose financial/affordability issues to the researcher.

Figure 68: Voluntary (only) non-ownership of communications services



Base: All adults 15+ for fixed line, mobile, internet and broadband (Q2 2006, 2439) (Q2 2007, 2265), (Q2 2008, 2109).
Broadband data includes reasons for non-ownership of internet
Source: Ofcom communications tracking survey

The percentage of consumers who have not taken up fixed-line or mobile services for voluntary reasons has remained broadly stable between 2007 and 2008. Voluntary reasons for not subscribing to digital TV have decreased from 10% in Q1 2007 to 2% in Q1 2008. This decrease will have been influenced by the overall increase in take-up of digital TV in the population as a whole.

Across all communications services, a lack of perceived need and satisfaction with alternative services were the main voluntary reasons for not taking up services.

“No need for a fixed line” and “happy to use a mobile phone instead” remain the two core voluntary reasons for not owning a fixed line. Similarly, the main reasons for not owning a mobile are a lack of perceived need and being happy to use a fixed line instead.

Lack of need was also the main voluntary mention for not having internet access, while among dial-up users reasons for not getting broadband were split equally between satisfaction with the current connection, expense, and not using the internet enough.

“No need” and “happy with existing services” were the two main voluntary reasons given for not owning access to digital television services.

Profile of those who have not taken up communications services for voluntary reasons

There are a number of demographic variations across different communications services.

Fixed line: While there has been little change over time, voluntary reasons for not owning a fixed line are highest among 25-34 year olds, C1 socio-economic group and those earning less than £17.5K.

Mobile phones: Voluntary reasons tend to increase with age, and are significantly higher among over-75s than others. They are also higher among ABs and DEs, and those earning less than £17.5K.

Internet: Voluntary non-ownership is highest among over-65s, those earning less than £11.5K, and consumers in the DE socio-economic group.

Broadband: Among home internet users, voluntary reasons for not having broadband is highest among over-65s.

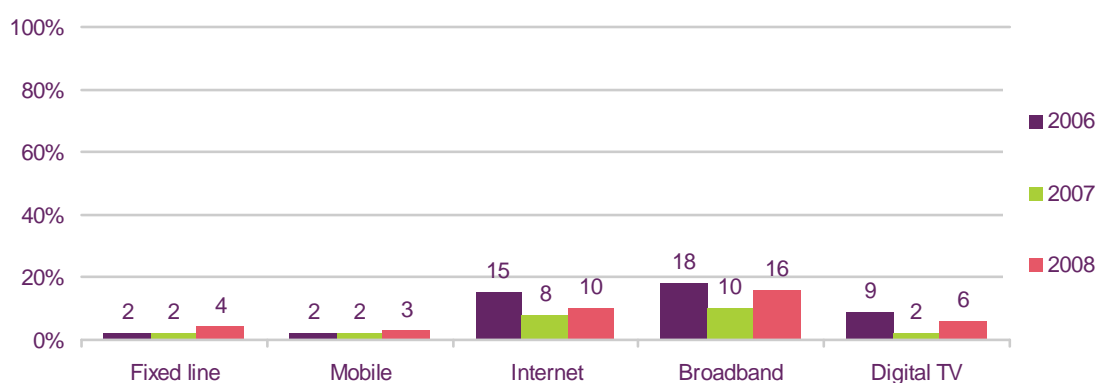
Digital TV: Non-ownership for voluntary reasons is significantly higher for over-75s and consumers earning less than £17.5K.

See Annex 2 for a full demographic profile of voluntary and involuntary reasons for not owning specific communications services.

4.3.4 Involuntary non-ownership of communications services

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

Figure 69: Involuntary non-ownership of communications services



Base: All adults 15+ for fixed line and internet (Q2 2006, 2439) (Q2 2007, 2265), (Q2 2008, 2109)
 Broadband data includes reasons for non-ownership of internet
 Source: Ofcom communications tracking survey

There has been no significant change in the percentage of consumers who do not own a fixed line, mobile and internet for involuntary reasons. However, the percentage of consumers who do not have broadband connection and digital TV for involuntary reasons increased between 2007 and 2008.

Affordability is still the main involuntary reason for not taking up a communications service.

Profile of those who have not taken up communications services for involuntary reasons

Fixed line: A small minority of consumers gave involuntary reasons for not owning a fixed line. It is a relatively flat picture across age and socio-economic groups.

Mobile phone: Consumers earning less than £11.5K were more likely to state an involuntary reason for not owning a mobile.

Internet: Non-ownership of an internet connection due to involuntary reasons remains highest among DEs, the 75+ age group, and those on an income below £17.5K

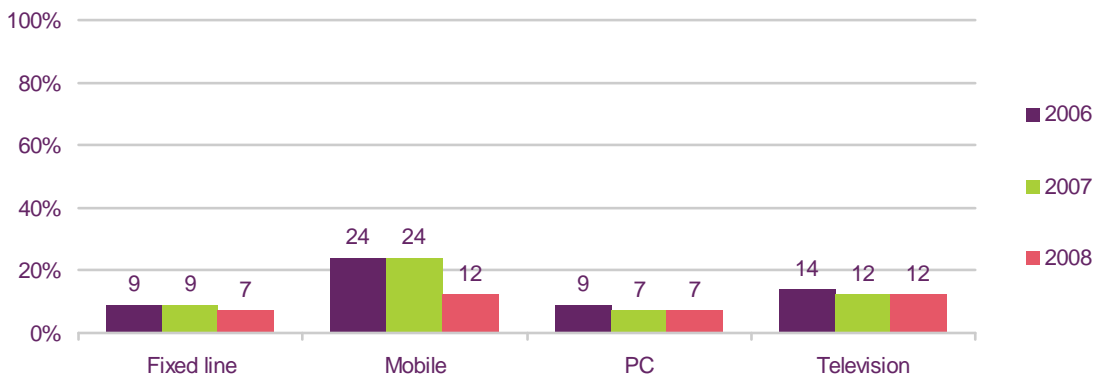
Digital TV: Older consumers (75+) were more likely than other age groups to state involuntary reasons.

4.4 Consumer access and take-up - metric 4: degree of difficulty in using technology

4.4.1 Overall difficulty using technology

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

Figure 70: Difficulties using communications services



Base: All adults 15+ with fixed line (Q2 2006, 2214) (Q2 2007, 1497) (Q2 2008, 1845). Mobile (Q2 2006, 2234) (Q2 2007, 768) (Q2 2008, 1911). PC (Q1 2006, 2214) (Q1 2007, 768) (Q2 2008, 1824). Television (Q1 2006, 2214) (Q1 2007, 1497) (Q2 2008, 1910)

Source: Ofcom communications tracking survey

As illustrated in Figure 70, there has been little change in the percentage of consumers who experience difficulty using communications services, except for mobile phones, where there has been a significant decrease in the number of consumers saying they experience difficulties.

The ability to hear the person on the other end, even with the volume turned up, is the most frequently mentioned difficulty (3%) for those using fixed lines.

A variety of difficulties are experienced when using a mobile phone, with the most-mentioned problem being writing text messages, at 4%. This is a significant improvement on the 2007 figure of 12%.

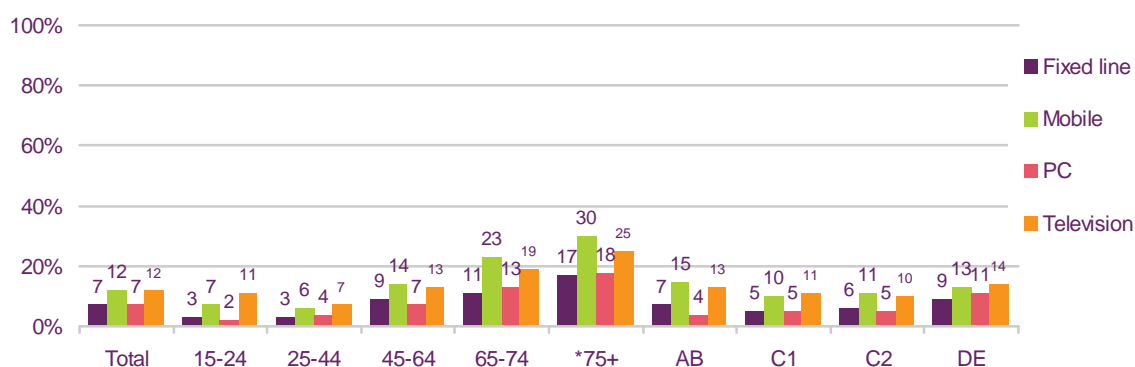
Using the mouse (4%) and keyboard (3%) were the most-mentioned difficulties experienced when using a PC.

“Hearing quiet voices”, “hearing quiet parts of the programme”, and “hearing at a volume other people find acceptable” were the most-mentioned difficulties experienced with TVs (2% each).

4.4.2 Profile of those who experience difficulties when using technology

Across all demographic groups the mobile phone is the communications service consumers are most likely to experience difficulty with.

Figure 71: Difficulties using various communications services, by age and socio-economic group



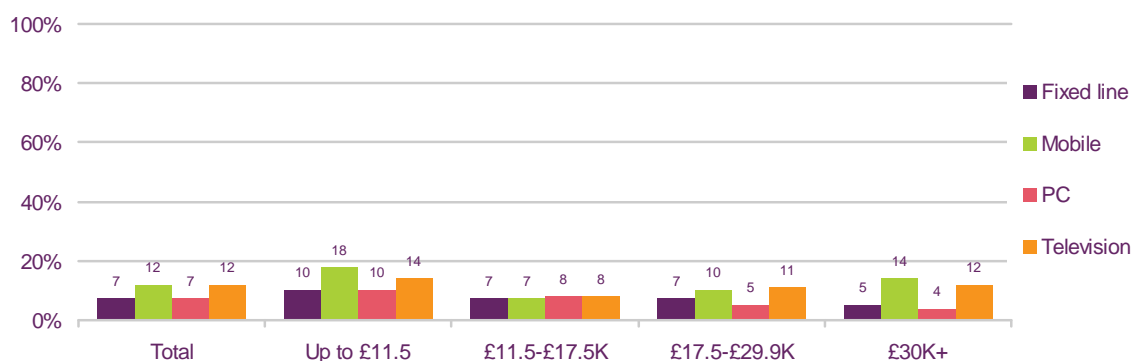
* Small base size treat as indicative only

Base: All adults 15+ (Q1 2006, 2214) (Q2 2006, 2234) (Q1 2007, 1547) (Q2 2007, 1497) (Q2 2008, 2109)

Source: Ofcom communications tracking survey

Difficulty using communications services and devices is strongly correlated with age. Over-45s are more likely than others to experience difficulty using a mobile phone and over-75s are more likely to experience difficulty using the television than any other age group.

Figure 72: Difficulties using various communications services, by income



Base: All adults 15+ (Q1 2006, 2214) (Q2 2006, 2234) (Q1 2007, 1547) (Q2 2007, 1497) (Q2 2008, 2109)

Source: Ofcom communications tracking survey

Across income groups, those earning up to £11.5K were more likely to experience difficulties using both a mobile phone and a television, although this too may be related to the age of these consumers, as many older people are retired and on lower incomes.

4.5 Additional insights among minority groups

The following section provides some additional insights into some minority groups' concerns or complaints about the communications market.

The minority groups discussed below are: consumers aged 75+, people with a visual impairment, people with a learning disability and ethnic minority groups.

4.5.1 Consumers aged 75+¹²

Ownership of communications services

- Older consumers are less likely than other age groups to own mobile phones, broadband internet and digital television, and are also the least likely to say they will get these services in the future.
- Almost half (48%) of adults aged 75+ said they were unlikely to get a mobile phone in the next 12 months (compared to 10% average) and almost a quarter said they were unlikely to get digital TV (compared to 7% average).

Non-ownership of services

- Given that older consumers account for the majority of non-mobile phone owners, it is not surprising that their responses are broadly similar to the average, with most of this age group giving voluntary reasons for not owning a mobile phone (lack of perceived need).
- This age group was slightly more likely than the average to give voluntary reasons for non-ownership of broadband. The main reason driving involuntary non-ownership among the over-75s was "not knowing how to use the internet" (18%), and cost was mentioned by few in comparison (9%). A similar proportion (7%) said they were "too old" to get broadband internet. These figures are based on non-owners.
- Similarly, more voluntary reasons were given for non-ownership of digital TV among over-75s compared to the average (19% of over-75s gave voluntary reasons for non-ownership). The only involuntary reason mentioned was "too expensive".

4.5.2 People with a visual impairment

Ownership of communications services

- Consistent with findings across the general population, there were indications of a decline in use of fixed-line phones among the sample of people with visual impairments. Many preferred to use their mobile phone for calls and texts, as opposed to their fixed line.
- The top-up process was problematic for some, in terms of typing long numbers into their handset. For younger respondents, who used text messaging, this was also a problem, although larger phones/key pads were not seen as an option as they did not want to appear 'different'.

¹² These data are not directly comparable with other data contained in the report as these findings are based on rolled data from Q1 and Q2 2008 from the Ofcom communications tracking survey

Access to the internet

- The software required by some people with visual impairments to enable them to use a computer/internet was considered to be useful and high quality, but too expensive.
- They had limited opportunities to test the software, although they wanted to find the most suitable software for their personal requirements – progress in this area might help increase internet take-up among this group.

Difficulty using communications services

- Levels of independence vary considerably among people with visual impairments, from total dependence on others to living mostly independent lives. The research indicated that everyone with some degree of visual impairment required assistance at some stage in accessing and using some services.
- Age had an impact on people's attitudes to their impairments, with older respondents more likely to believe they had to adjust to be able to access services, while younger respondents were more likely to believe that their difficulty in using services was due to a problem with the service.
- Being a part of a community (i.e. schools, social groups, workplaces, council networks) that helped or assisted people with visual impairments made members more aware of the services available to them. People who were not members of such communities typically had more limited access to such information.

4.5.3 People with a learning disability

Ownership of communications services

- All respondents with a learning disability had access either to a fixed-line phone or a mobile phone, but few had internet access, in the home.
- There was no strong preference for either method of telephony and the decision on which to use tended to be linked to ease of use rather than cost factors. The more personal element of the mobile was also preferred by many of the younger participants.
- There was a consensus, both among respondents and their support networks, that mobile phones have provided these consumers with a greater level of independence and their families/friends/carers with the added security and comfort of knowing they can contact them at any time.
- Most opted for a pre-pay package – many had difficulty managing their money and/or did not have a bank account. As a result the ability to control costs was more important to them than getting the best value for money.
- We noted similar problems with the top-up process to those mentioned by people with visual impairments.

Non-ownership of internet

- Internet access at home was not widely available to the respondents in the sample; some had access at home and others (the younger participants) accessed the internet in day centres. Low literacy levels, cost and a perceived lack of need for the internet were the main reasons for non-ownership.

Use of the internet

- The internet was seen as a hobby and largely used for entertainment – looking at pictures, watching videos and chatting to friends as opposed to searching for information or making transactions.
- Email addresses had been set up for some respondents, as they were needed for social networking sites, but these were largely redundant and were rarely checked or used.
- There was a perception of increased effort to use the internet, compared to the effort required to watch television. There was relatively low awareness of functions that might make the experience easier e.g. saving websites into ‘favourites’ as opposed to re-typing them every time.
- The perception of effort, coupled with a limited understanding of the benefits of the internet and its security options among respondents’ support networks, is likely to limit take-up of internet services among this group.

Difficulty using communications services

- Consumers with learning disabilities tended to have difficulties which related either to
 - their level of literacy, in terms of being able to read and understand instructions, text messages and electronic programme guides; or
 - a physical impairment which made it difficult for them to see keyboards, handsets or on-screen information.
- There were indications that few consumers were aware of functions which might help them use services, such as saving favourite websites, setting speed dial functions or saving favourite channels.
- The lower literacy levels and higher likelihood of an additional physical impairment means that, unless these consumers were shown these features, it is unlikely they would discover them for themselves.

4.5.4 Ethnic minority groups

Ownership of communications services

- Household take-up of the internet was highest among Indian (76%) and Pakistani adults (72%), and was significantly higher than the UK average. Household take-up among Black Caribbean (64%) and Black African adults (69%) was broadly similar to the UK average.

Use of the internet

- Indian and Pakistani adults spent more time online than other ethnic minority groups and UK adults in general; on average 13.5 hours per week. Black Caribbean adults said they spent 12 hours and Black African adults spent 11.2 hours online, broadly similar to the UK average of 12.1 hours.
- For all internet users the most common uses of the internet were communication and looking for information relating to work or studies.

- Breadth of use of the internet among Indian and Pakistani populations is comparable with general UK levels, but lower among Black Caribbean and Black Africans. While use of the internet for all activities was significantly lower, this was particularly the case for conducting transactions online and finding out news.

Non-ownership of internet access

- The proportions saying they were likely to get internet access in the next 12 months was higher than average among ethnic minority groups.
- Among those who did not have the internet, they were more likely to give involuntary reasons (mostly affordability) than voluntary reasons (no need).

Section 5

Consumer choices, value and range

Introduction

The 'consumer choices, value and range' metrics show consumer awareness of the choices of communications services available. This section also explores the range of operators available in the market and consumer satisfaction with aspects of their supplier's service.

The section provides an overview of the prices of communications services available in the UK and how these have changed over time. Wherever possible, we have also provided international pricing comparisons.

Consumer choices, value and range metrics

The table below lists the metrics. The numbers shown in this section are at an overall UK level based on the percentage of all adults/households.

We have analysed the key findings in this report by a number of demographic groups to highlight whether any specific consumer groups are more likely to be excluded than others. These groups are: age, income and socio-economic group. Wherever possible, the results are shown over time.

Data this year are also analysed according to consumers' level of participation in the communications market, using the index created in 2006 and modified in 2007. The segments identified were: 'engaged', 'interested', 'passive' and 'inactive'. Comparisons between these segments are made to identify whether there are differences according to consumers' knowledge and understanding of the markets.

Sub-group differences are noted only when they are significantly different from the total sample.

5.1	Consumer choices and range - metric 1: range of operators available	54
5.1.1	Bundled service operators	55
5.1.2	Fixed-line operators	55
5.1.3	Mobile operators	55
5.1.4	Television channels.....	55
5.1.5	Radio stations	55
5.2	Consumer choices and range - metric 2: awareness of suppliers.....	56
5.2.1	Awareness of fixed-line suppliers.....	56
5.2.2	Awareness of fixed-line suppliers, by demographic group	56
5.2.3	Awareness of mobile suppliers, over time.....	57
5.2.4	Awareness of mobile suppliers, by demographic group.....	58
5.2.5	Awareness of broadband suppliers, over time	59
5.2.6	Awareness of broadband suppliers, by demographic group	60

5.2.7	Awareness of multichannel TV suppliers	60
5.2.8	Awareness of multichannel TV suppliers, by demographic group.....	61
5.2.9	Awareness of bundled suppliers	62
5.2.10	Awareness of bundled suppliers, by demographic group.....	63
5.3	Consumer choices and range - metric 3: satisfaction with communications services.....	63
5.3.1	Satisfaction with overall services from communications supplier.....	64
5.3.2	Dissatisfaction with overall services from communications suppliers, by demographic group	65
5.3.3	Dissatisfaction with overall services from communications suppliers, by level of participation	65
5.3.4	Satisfaction with value for money, over time	66
5.3.5	Dissatisfaction with value for money, by demographic group	67
5.3.6	Dissatisfaction with value for money, by level of participation.....	68
5.3.7	Satisfaction with reliability of service, over time	69
5.3.8	Dissatisfaction with reliability of service, by demographic group.....	70
5.3.9	Dissatisfaction with reliability of service, by level of participation.....	70
5.3.10	Satisfaction with speed of broadband service, over time	71
5.4	Consumer choices and range - metric 4: spend on UK communications services.....	72
5.4.1	Change in spend on residential telecoms services	72
5.4.2	Change in cost of fixed-line and mobile services	73
5.5	Consumer choices and range - metric 5: international comparisons of the cost of communications services.....	73
5.5.1	Comparative international pricing.....	74
5.5.2	Fixed voice: international price comparisons	74
5.5.3	Mobile: international price comparisons.....	76
5.5.4	Broadband: international price comparisons.....	79
5.5.5	TV: international pricing comparisons	80

5.1 Consumer choices and range - metric 1: range of operators available

Consumers in the UK are able to choose from a number of operators, which offer a wide range of both single and combined (bundled) communications services.

Table 5.1: Range of operators in the communications market

	2006	2007	2008
Bundled operators	Data not available	13	13
Fixed line (registered with Ofcom)	122	118	118
Mobile MNOs	5	5	5
Television channels	354	433	498
PSB channels	12	12	12
Radio* - analogue services	337	347	559
Radio – simulcast on DAB	166	129	171
Radio – DAB only	50	40	38

Source: Ofcom. *Not all radio stations are available to all listeners. +Source: PurePricing.

5.1.1 Bundled service operators

At least 13 operators offer multiple communications services. Three operators offer bundles of services that are interdependent (for example, a fixed line and multi-channel TV bundle, where the customer has to take both services to get the advertised price). See Ofcom's *Communications Market Report 2008* for details of the providers and services offered.

5.1.2 Fixed-line operators

There are 118 operators with conditions of entitlement in the fixed-line market, and a significant, and increasing, number of smaller companies which are not obliged to publish their tariffs¹³.

5.1.3 Mobile operators

The number of operators in the mobile phone market has not changed significantly since 2007. As reported last year, within the mobile services market there are five mobile network operators (MNOs); Vodafone, Orange, T-Mobile, O2 and 3. In addition there are around 100 virtual mobile network operators (MVNOs). A MVNO is a company which buys airtime from one of the five network operators and resells it under a different brand name. For example, Virgin uses the T-Mobile network and Tesco Mobile uses the O2 network.

5.1.4 Television channels

There are 498 television channels available to consumers in the UK, an increase from 433 channels in 2006. Twelve of these are public service channels and the remaining 486 are commercial channels.

5.1.5 Radio stations

There are now 359 analogue services in the UK, an increase from 349 last year. There are also 171 stations that are simulcast on DAB and 38 stations are broadcast only on DAB.

¹³ The General Conditions of Entitlement apply to companies providing an electronic communication service or an electronic communications network and include requirements to comply with certain technical standards, to provide access to emergency services and to publish information about their tariffs.

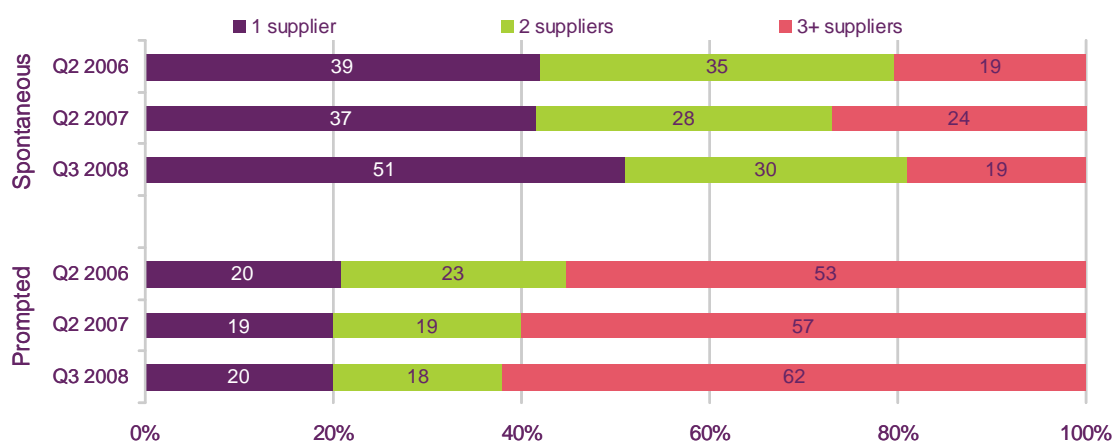
5.2 Consumer choices and range - metric 2: awareness of suppliers

Understanding the level of supplier awareness among consumers is important when considering their ability to take advantage of a competitive market. A high level of consumer awareness is necessary as a first step to ensure that consumers are able to make an informed choice of communications provider.

Previous years' data have been re-stated and are now based on responses from decision-makers in each market. The charts below have also re-coded responses from consumers who knew the name of their own supplier, but did not mention this supplier when asked about awareness. The same methodology has also been applied to data from 2006-2007 for each market. The main impact of this change is that no consumers were unable to recall any supplier, although a significant proportion (51%) remained unable to recall any supplier other than their own.

5.2.1 Awareness of fixed-line suppliers

Figure 73: Spontaneous and prompted awareness of fixed-line suppliers, over time



Base: All fixed-line decision makers (Q2 2006, 2222) (Q2 2007, 2704), (July 2008, 941)
 Source: Ofcom technology tracker (2006-7)/ Ofcom decision making survey (2008)

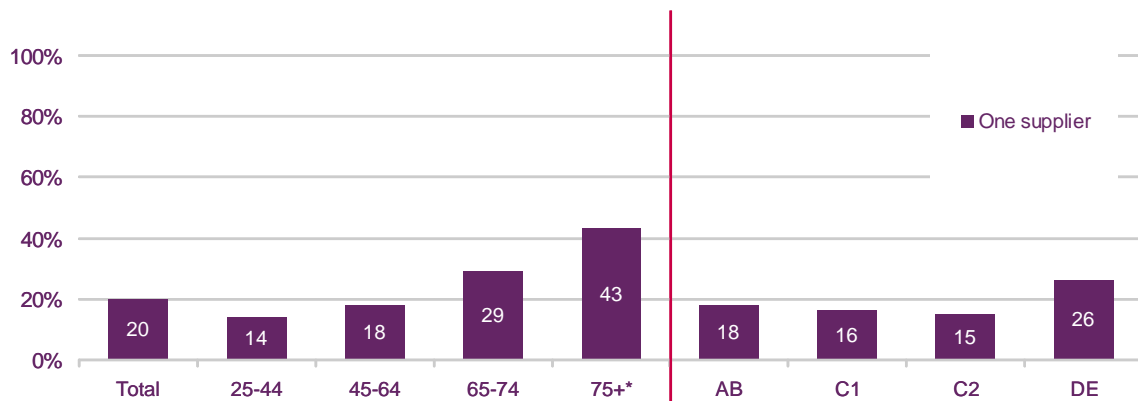
Spontaneous awareness of more than two fixed-line suppliers has fallen from 60% to 49% since 2007. Around half of fixed-line decision makers were aware of only one supplier in their area.

Prompted awareness of three or more fixed-line suppliers has increased significantly to 62% from 57% last year.

5.2.2 Awareness of fixed-line suppliers, by demographic group

In this section we show the demographic profile of those consumers who are spontaneously aware of just one supplier. It is important to identify consumers whose lack of awareness of other suppliers may affect their participation in the market. As mentioned earlier, awareness of suppliers in a competitive environment is essential to ensure consumers are able to make informed choices.

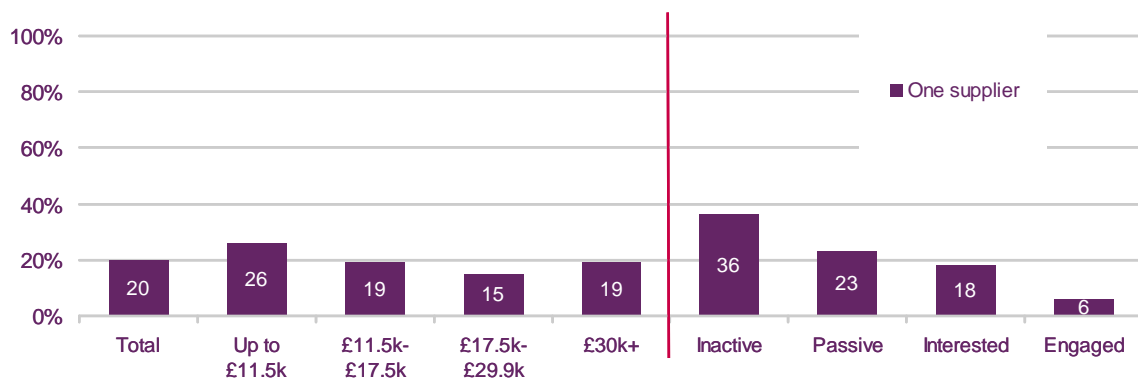
Figure 74: Spontaneous awareness of only one fixed-line supplier, by age and socio-economic group



* Small base size treat as indicative only
 Base: All fixed line decision makers (941). Base size for 15-25 year olds too small to analyse
 Source: Ofcom decision making survey, July 2008

There were indications that consumers aged over 75 (43%) and to a lesser extent in the DE socio-economic group (26%) were more likely than other demographic groups to recall only their own supplier.

Figure 75: Spontaneous awareness of only one fixed-line supplier, by income and level of participation



Base: All fixed-line decision makers (941).
 Source: Ofcom decision making survey, July 2008

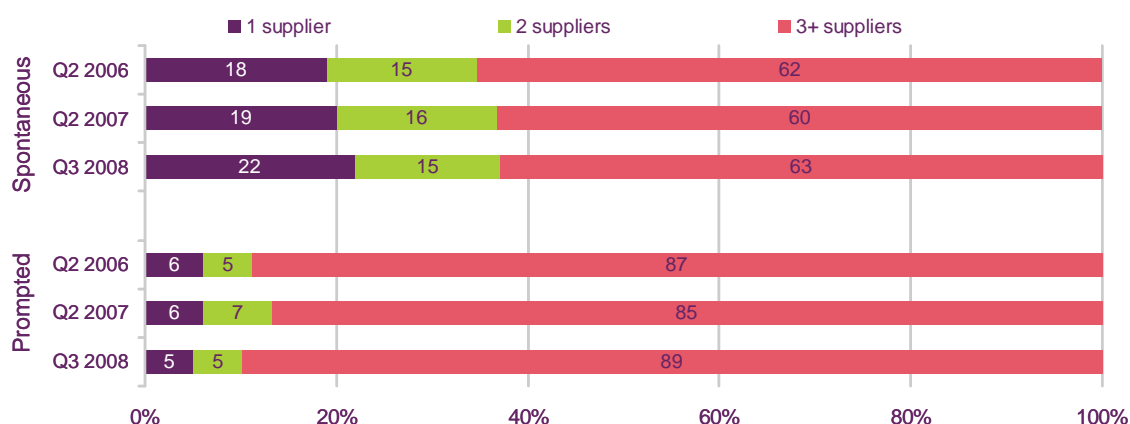
Lowest awareness of multiple suppliers was noted among those with an annual household income of up to £11.5K. A quarter (26%) of consumers in this income bracket could recall only one supplier.

Unsurprisingly, consumers who were classified as ‘inactive’ in the communications market were least aware of multiple suppliers, and those who were more likely to keep an eye on the market, or who had interacted with suppliers relatively recently, were more likely to be aware of multiple suppliers. This trend is consistent across all markets, but most evident in the fixed-line market.

5.2.3 Awareness of mobile suppliers, over time

The figures in the following chart have been re-stated since last year, applying the revised methodology.

Figure 76: Spontaneous and prompted awareness of mobile suppliers, over time



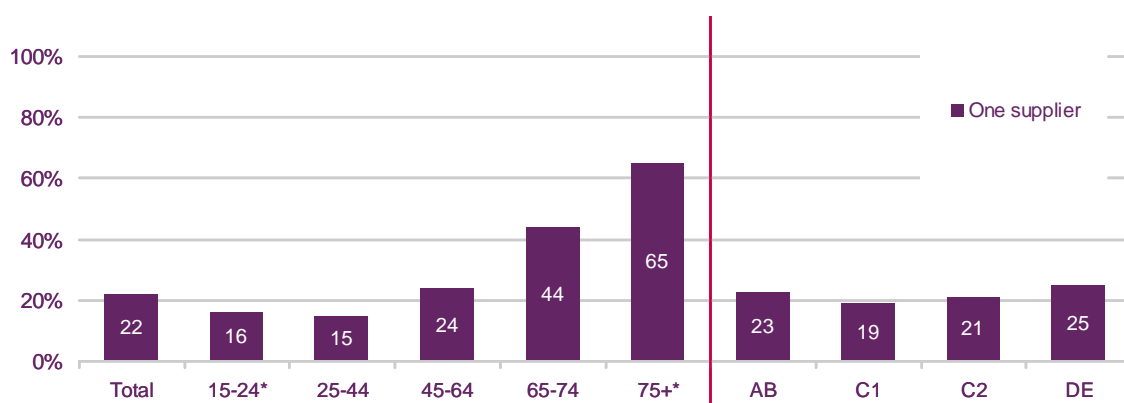
Base: All mobile decision makers (Q2 2006, 1959) (Q2 2007, 1273), (July 2008, 1270)
 Source: Ofcom technology tracker (2006-7)/ Ofcom decision making survey (2008)

Spontaneous awareness of multiple mobile suppliers has remained largely similar to 2007 levels, and prompted awareness of three or more suppliers has increased significantly to 89%.

Awareness of multiple mobile suppliers was higher than awareness of either fixed-line or broadband suppliers, see figures 73 and 79.

5.2.4 Awareness of mobile suppliers, by demographic group

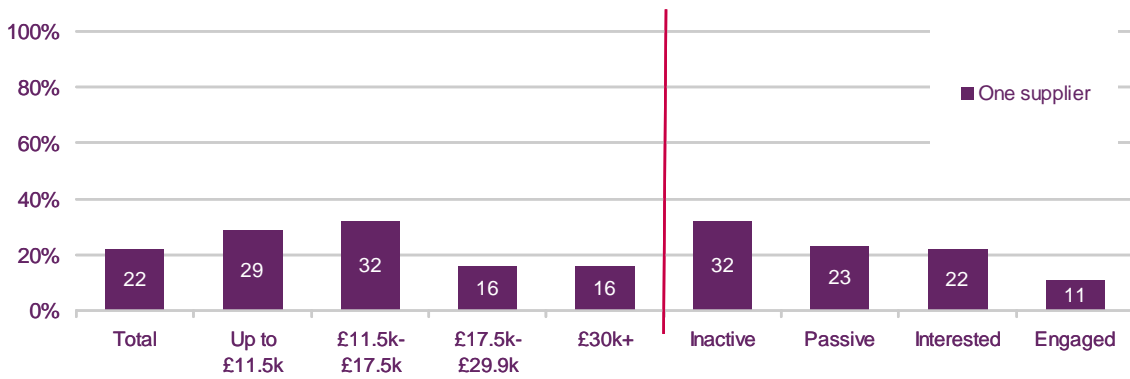
Figure 77: Spontaneous awareness of only one mobile supplier, by age and socio-economic group



* Small base size; treat as indicative only
 Base: All mobile decision makers (1270)
 Source: Ofcom decision making survey, July 2008

The level of spontaneous awareness of only one mobile supplier was significantly higher among over-65s compared with the general population, with indications that lack of awareness increases with age within this age group. There was little difference in spontaneous awareness according to socio-economic group.

Figure 78: Spontaneous awareness of only one mobile supplier, by income and level of participation



Base: All mobile decision makers (1270)
 Source: Ofcom decision making survey, July 2008

Consumers earning under £17.5K were more likely than higher income groups to be aware of only one supplier. Inactive consumers were the most likely to be spontaneously aware of only one supplier in the mobile market. This compares to around a fifth among those whose behaviour classified them as ‘passive’ or ‘interested’ consumers, and one in ten among engaged consumers.

5.2.5 Awareness of broadband suppliers, over time

Comparable trend data using the revised methodology is not available for the broadband market, although the 2008 data is comparable with the other markets.

Figure 79: Spontaneous and prompted awareness of broadband suppliers

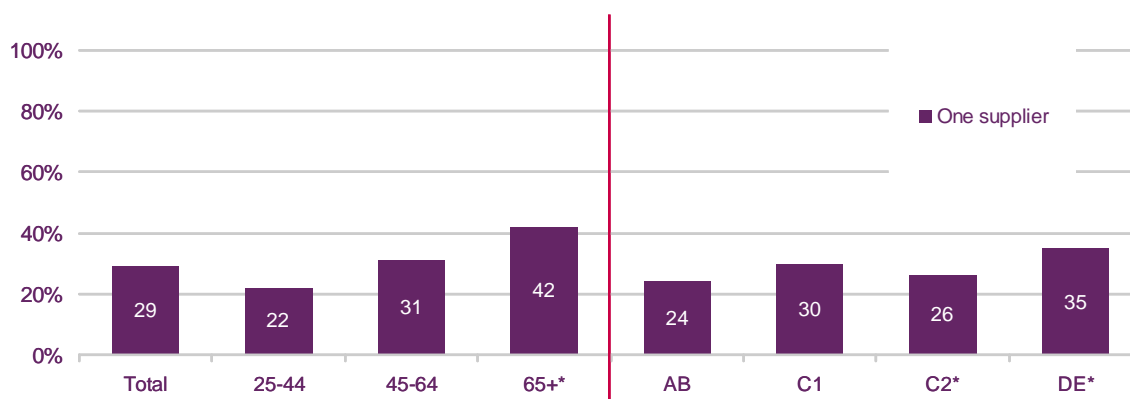


Base: All broadband decision makers (460)
 Source: Ofcom decision making survey, July 2008

Over half (55%) of the broadband decision makers were spontaneously aware of three or more suppliers in 2008, rising to 87% when decision makers were prompted with a list of suppliers.

5.2.6 Awareness of broadband suppliers, by demographic group

Figure 80: Spontaneous awareness of only one broadband supplier, by age and socio-economic group



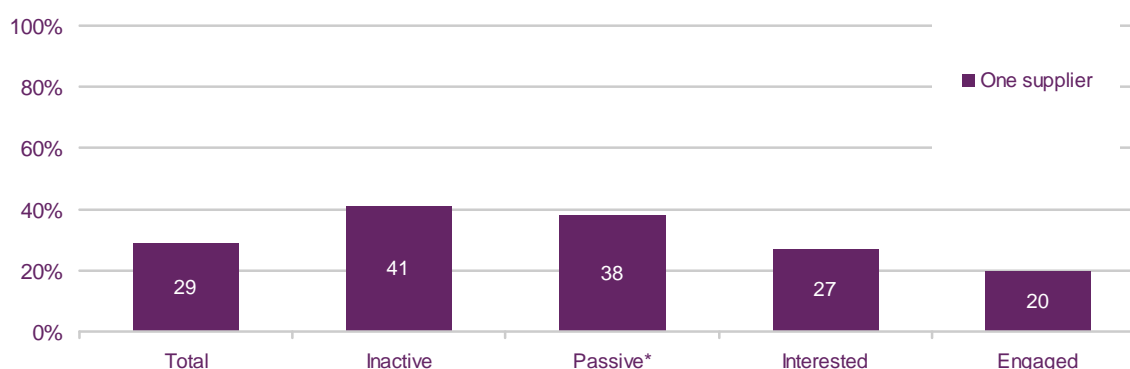
* Small base size treat as indicative only

Base: All broadband decision makers, not in a bundle (460). Base size for 15-25 year olds and 75+ too small to analyse. Base sizes for individual income bands too small to analyse.

Source: Ofcom decision-making survey, July 2008

The level of awareness of only one supplier increased with age, and there were indications that this was higher than average among consumers in the DE socio-economic group (35%).

Figure 81: Spontaneous awareness of only one broadband supplier, by level of participation



* Small base size; treat as indicative only

Base: All broadband decision makers, not in a bundle (460).

Base size for 15-25 year olds and 75+ too small to analyse. Base sizes for individual income bands too small to analyse.

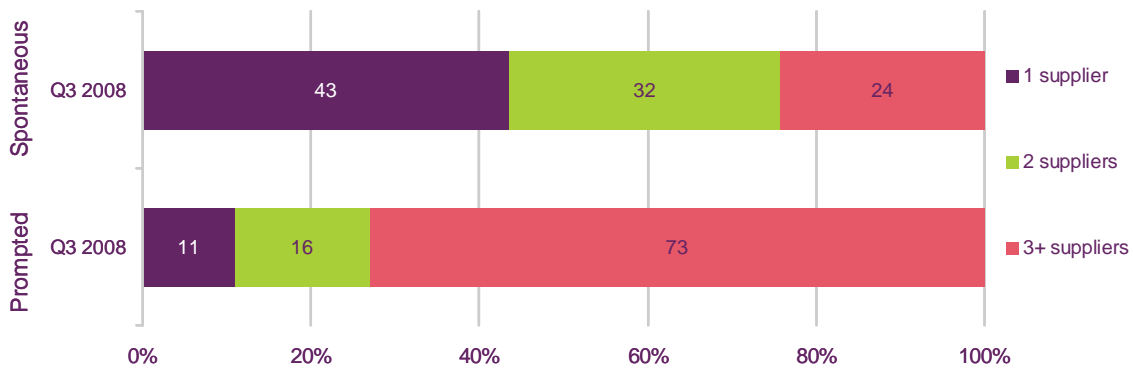
Source: Ofcom decision-making survey, July 2008

'Inactive' and 'passive' broadband consumers were the most likely to recall only one broadband supplier (around two-fifths). 'Engaged' consumers were the most likely to recall more than one supplier in this market, although a fifth of these consumers could only recall one supplier.

5.2.7 Awareness of multichannel TV suppliers

Suppliers such as BT Vision and Tiscali TV have recently started to offer television services and, in response to these market developments, Ofcom is now tracking consumer awareness of multichannel TV suppliers. The first set of data is reported below, using a methodology comparable with that used for the other communications markets.

Figure 82: Spontaneous and prompted awareness of multichannel TV suppliers

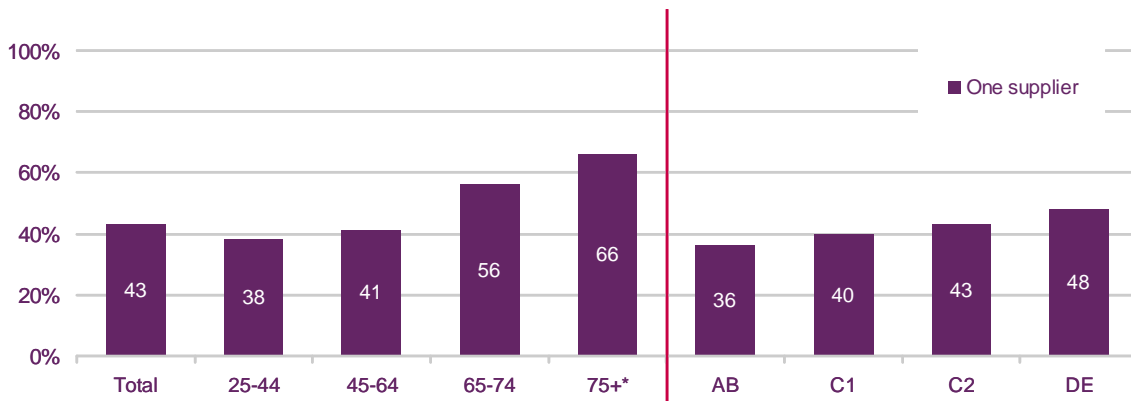


Base: All multi-channel TV decision makers, not in a bundle (896)
 Source: Ofcom decision making survey, July 2008

Over half (56%) of multichannel TV decision-makers were spontaneously aware of two or more TV suppliers in their area. When prompted with a list of suppliers, awareness of three or more rose to almost three-quarters (73%).

5.2.8 Awareness of multichannel TV suppliers, by demographic group

Figure 83: Spontaneous awareness of only one TV supplier, by age and socio-economic group

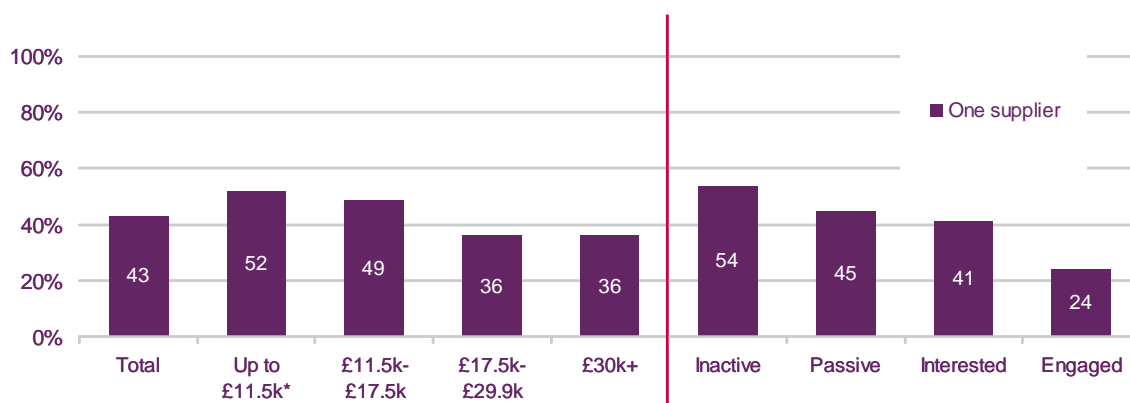


* Small base size; treat as indicative only
 Base: All multichannel decision makers, not in a bundle (896). Base size for 15-25 year olds too small to analyse
 Source: Ofcom decision-making survey, July 2008

As with the other communications markets, spontaneous awareness of only one TV supplier increased with age, and to a greater extent in the TV market. More than 60% of over-65s were aware of only one supplier, and there were indications that lack of awareness of multiple suppliers was higher still among the over-75s.

Almost half (48%) of consumers in the DE socio-economic group were spontaneously aware of only one supplier, compared to 36% of ABs.

Figure 84: Spontaneous awareness of only one TV supplier, by income and level of participation



* Small base size; treat as indicative only

Base: All multi-channel decision makers, not in a bundle (896), inactive (309), passive (153), interested (322), engaged (112)

Source: Ofcom decision-making survey, July 2008

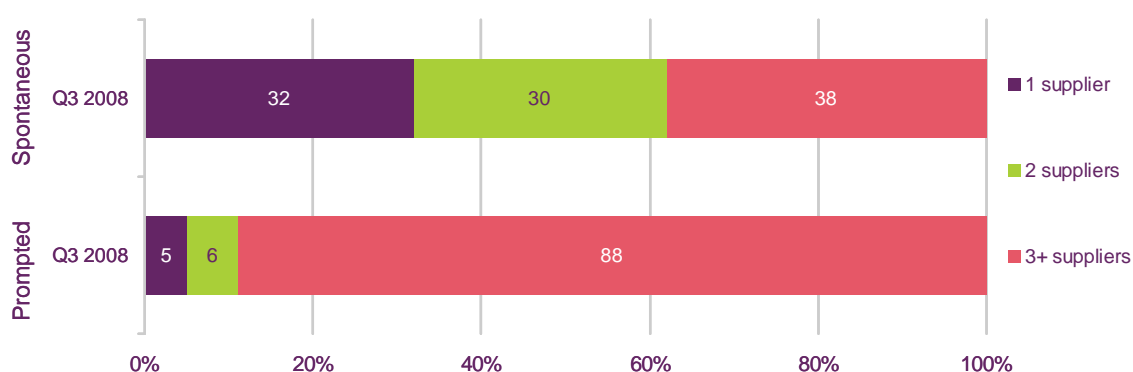
Consumers with an annual income of up to £17.5K were (at least partly) driving the lack of awareness in this market. However, more than a third of decision makers (36%) in the higher income bands were also aware of only one supplier.

More than half of the consumers classified as 'inactive' could recall only a single TV supplier, compared to a quarter of the 'engaged' consumers. Similar levels of awareness were reported for 'passive' and 'interested' consumers in this market.

5.2.9 Awareness of bundled suppliers

Forty per cent of consumers currently purchase at least some of their home communications services as a bundle from a single supplier. Ofcom has begun tracking consumer awareness of bundled suppliers; the first set of data is reported below.

Figure 85: Spontaneous and prompted awareness of bundled suppliers



Base: All bundled services decision makers (534)

Source Ofcom decision-making survey, July 2008

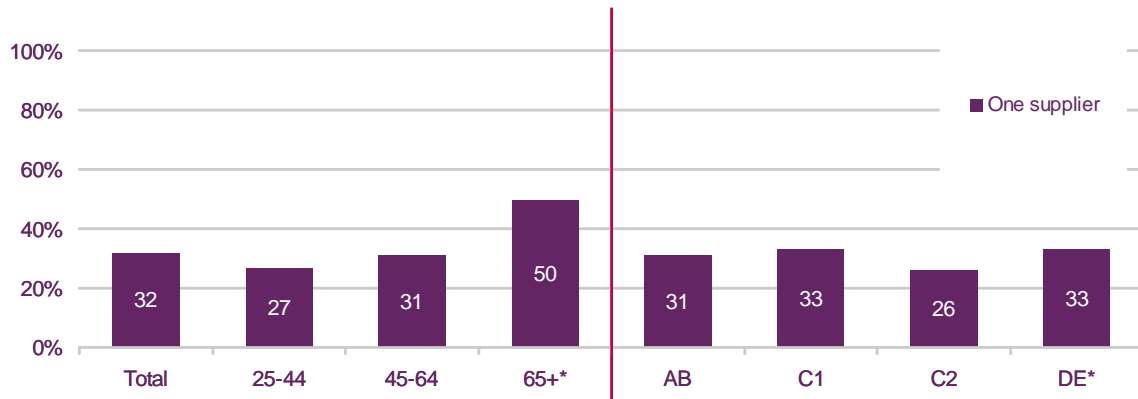
Spontaneous awareness was relatively high compared to awareness in the landline and TV markets. Around seven in ten (68%) bundled purchasers were aware of two or more suppliers offering bundles of services.

Prompted awareness levels were significantly higher than this, and comparable with those in the mobile market – 94% of bundled purchasers were aware of two or more suppliers and 88% were aware of three or more. These relatively high levels of awareness are consistent

with the recent switching behaviour in this market which has led to an increased proportion of 'engaged' consumers in the bundled market.

5.2.10 Awareness of bundled suppliers, by demographic group

Figure 86: Spontaneous awareness of only one bundled supplier, by age and socio-economic group



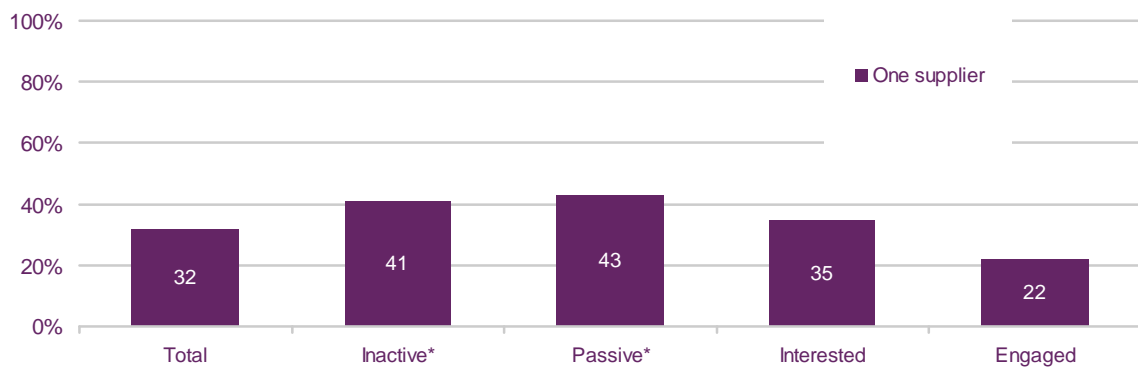
* Small base size; treat as indicative only

Base: All bundled services decision makers (534). Base size for 15-25 year olds and 75+ too small to analyse.

Source: Ofcom decision-making survey, July 2008

As with each of the other communications markets, there were indications that bundled purchasers aged over 65 were less likely than others to spontaneously recall more than one supplier in this market. There was little variation among the socio-economic groups.

Figure 87: Spontaneous awareness of only one bundled supplier, by level of participation



* Small base size; treat as indicative only

Base: All bundled services decision makers (534). Inactive (84), passive (56), interested (182), engaged (212)

Base size for individual income groups too small to analyse

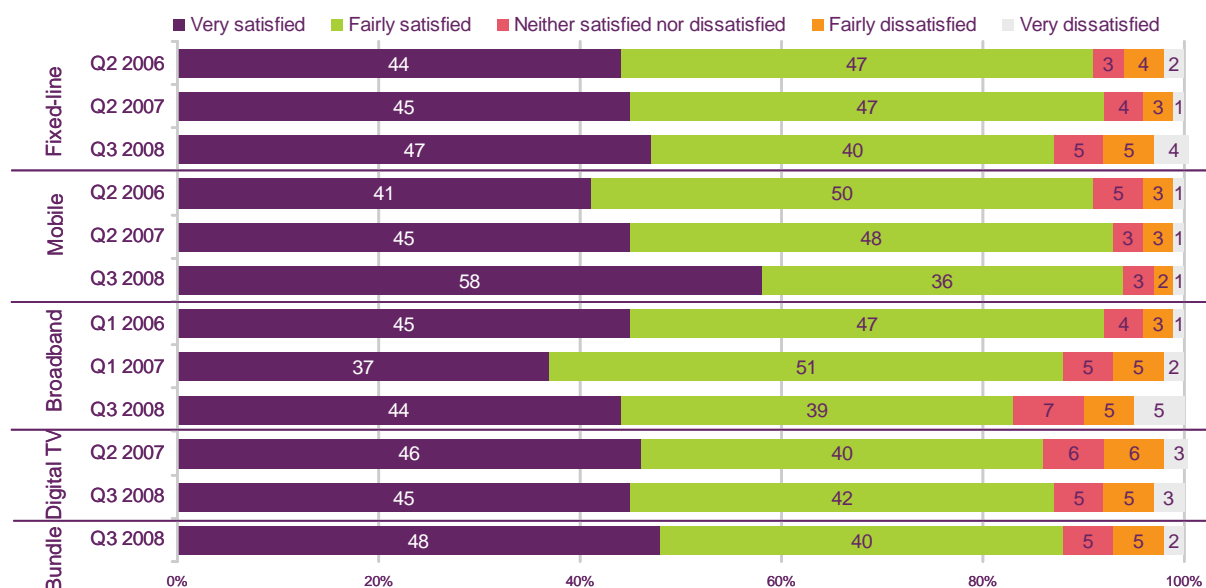
Source: Ofcom decision-making survey, July 2008

5.3 Consumer choices and range - metric 3: satisfaction with communications services

The 2008 survey which collected the data for the satisfaction metric was based on decision-makers within each market. In order for data to be comparable, figures for 2006 and 2007 have been re-based and are therefore not directly comparable to data published in previous reports. This revision to the methodology has not had a significant impact on the data or the overall trend.

5.3.1 Satisfaction with overall services from communications supplier

Figure 88: Satisfaction with overall services from communications supplier, over time



Base: All decision makers aged 15+ with a service who expressed an opinion. Fixed line (Q2 2006, 2198) (Q2 2007, 1329) (July 2008, 928) mobile (Q2 2006, 1862) (Q2 2007, 1273) (July 2008, 1265) broadband (Q1 2006, 830) (Q1 2007, 727) (July 2008, 454) multi-channel TV (Q2 2007, 1211) (July 2008, 891) bundled services (July 2008, 534)
 Source: Ofcom communications tracking survey (2006/7) / Ofcom decision-making survey (2008)

The percentage of consumers who were satisfied with the overall service provided by their fixed-line supplier has fallen by five percentage points. In total 9% (around 3.09 million¹⁴) of fixed-line decision-makers were dissatisfied with their overall service.

Satisfaction among mobile users has remained at broadly similar levels since 2007 – 94% was satisfied with the overall service they received, and the proportion of ‘very satisfied’ increased significantly from 45% to 58%. Three per cent (around 1.09 million¹⁵) of mobile decision-makers were dissatisfied.

Among broadband decision-makers, overall satisfaction fell from 88% to 83%. This is consistent with the higher levels of concern among consumers in this market about their service, and the 24% of consumers who said they had experienced speeds which were slower than they had expected. As noted below, this market has also seen a decline in satisfaction with value for money and speeds – see figures 91 and 98. In total, 10% (around 2.08 million¹⁶) of broadband decision-makers were dissatisfied with their overall service.

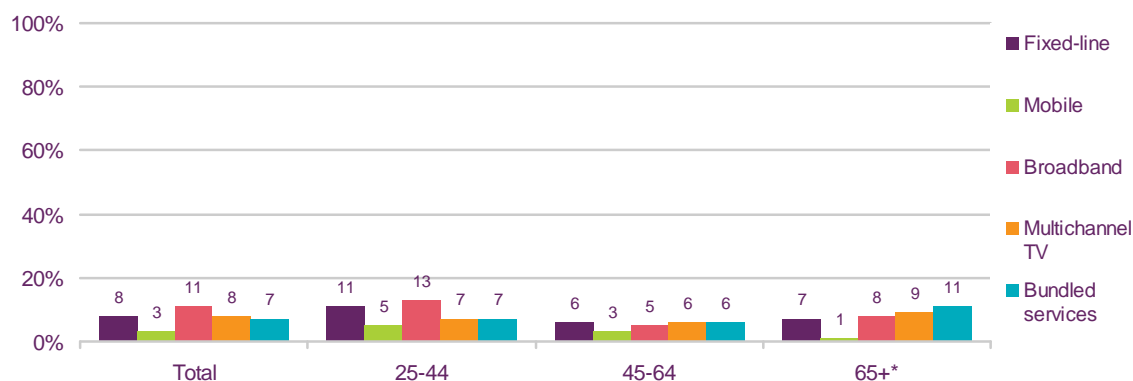
Satisfaction with multichannel TV and bundled services is broadly equal, with around eight in ten decision-makers either very, or fairly, satisfied. Dissatisfaction stood at 8% and 7% respectively – which equates to around 2.56 million¹⁷ and 1.12 million¹⁸ decision-makers in each market.

¹⁴ Based on 46 million UK adults, 87% with landline, 86% decision makers
¹⁵ Based on 46 million UK adults, 86% personal own mobile, 92% decision makers
¹⁶ Based on 46 million UK adults, 58% with broadband, 78% decision makers
¹⁷ Based on 46 million UK adults, 85% with multi-channel TV, 82% decision makers
¹⁸ Based on 46 million UK adults, 40% with bundle, 87% decision makers

5.3.2 Dissatisfaction with overall services from communications suppliers, by demographic group

The following charts illustrate the proportion of consumers who were dissatisfied with their overall service, by demographic group, in order to identify whether particular groups of consumers are driving dissatisfaction and to understand what factors may be influencing this.

Figure 89: Dissatisfaction with overall services from communications suppliers, by age



* Small base size; treat as indicative only

Base: All adults 15+ who are the decision maker and express an opinion on (fixed line, 928) (mobile, 1265) (broadband, 454) (multi-channel TV, 891) (bundled services, 534). Base size for 15-25 year olds and 75+ too small to analyse
Source: Ofcom decision making survey, July 2008

In general, there were few demographic variations in dissatisfaction with overall services among the demographic groups, where sample sizes allowed us to analyse this.

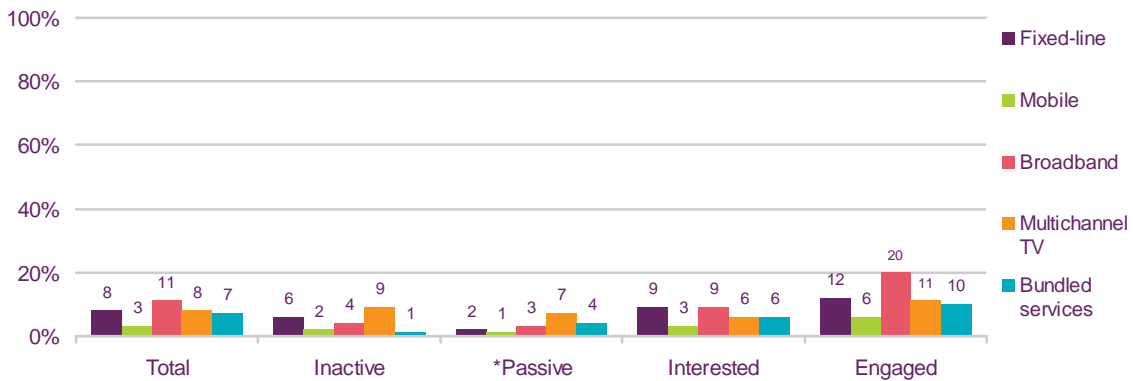
The exceptions were:

- fixed line and broadband decision makers aged 25-44 were more dissatisfied than other age groups with their overall services; and
- older (65+) bundled purchasers appeared to be more dissatisfied than other age groups with their supplier's overall service.

5.3.3 Dissatisfaction with overall services from communications suppliers, by level of participation

It is important to understand whether those consumers who are dissatisfied with their service are also the most vulnerable in terms of their knowledge and understanding of the communications market. Each measure of dissatisfaction has been analysed by Ofcom's participation index – a segmentation of consumers according to how engaged they are in each market. A full demographic description of each segment is given in Section 2.

Figure 90: Dissatisfaction with overall services, by level of participation in the market



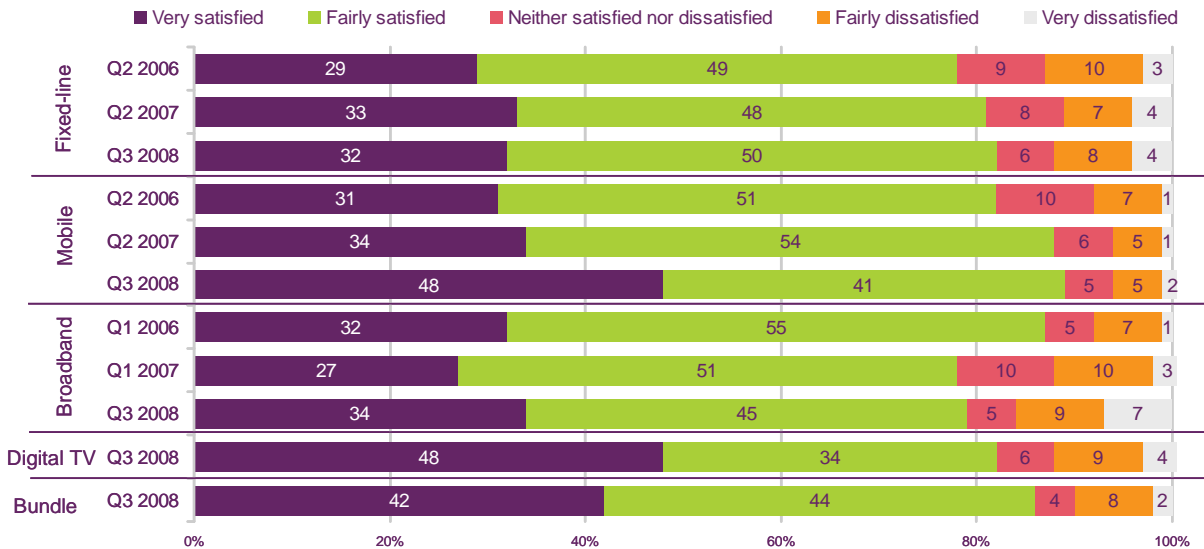
* Small base size for some markets, treat as indicative only
 Base: All adults 15+ who are the decision maker and express an opinion¹⁹
 Source: Ofcom decision making survey, July 2008

Dissatisfaction in each communications market is higher among the more knowledgeable segments. This is most notable in the broadband market, where 20% of ‘engaged’ broadband consumers were dissatisfied with their overall service – twice the average level.

These consumers are among those most likely to be aware of multiple suppliers and to have experience of switching supplier. They are therefore the least vulnerable, in that they are able to switch from a supplier providing an unsatisfactory service.

5.3.4 Satisfaction with value for money, over time

Figure 91: Satisfaction with value for money, over time



Base: All decision makers aged 15+ with a service who expressed an opinion²⁰.
 Source: Ofcom communications tracking (2006/07)/ decision-making survey (2008)

¹⁹ Fixed-line (inactive 214, passive 144, interested 341, engaged 242) Mobile (inactive 384, passive 173, interested 414, engaged 299) Broadband (inactive 112, passive 61, interested 151, engaged 136) Multi-channel TV (inactive 309, passive 153, interested 322, engaged 112) Bundled services (inactive 84, passive 56, interested 182, engaged 212)

²⁰ Fixed-line (Q2 2005, 1896) (Q2 2007, 1329) (July 2008, 928) mobile (Q2 2005, 1791) (Q2 2006, 1862) (Q2 2007, 1273) (July 2008, 1265) broadband (Q1 2006, 830) (Q1 2007, 727) (July 2008, 454) multi-channel TV (Q2 2006, 1778) (Q2 2007, 1211) (July 2008, 891) bundled services (July 2008, 534)

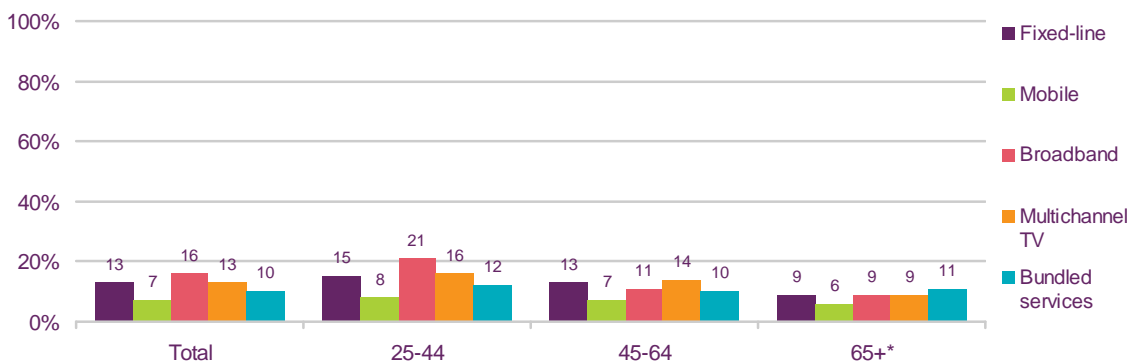
There has been little change in levels of satisfaction with value for money across communications services since last year. The rise in satisfaction among fixed line and mobile customers, noted last year, has been maintained.

The fall in satisfaction with the value for money of broadband services, reported last year, has also been maintained, but is combined with a rise in the proportion of dissatisfied customers (16% compared to 13% last year). Of all the platforms, broadband customers had the lowest satisfaction level with value for money.

Over eight in ten digital TV decision-makers (82%) and bundled purchasers (86%) were satisfied with value for money.

5.3.5 Dissatisfaction with value for money, by demographic group

Figure 92: Dissatisfaction with value for money, by age



* Small base size treat as indicative only

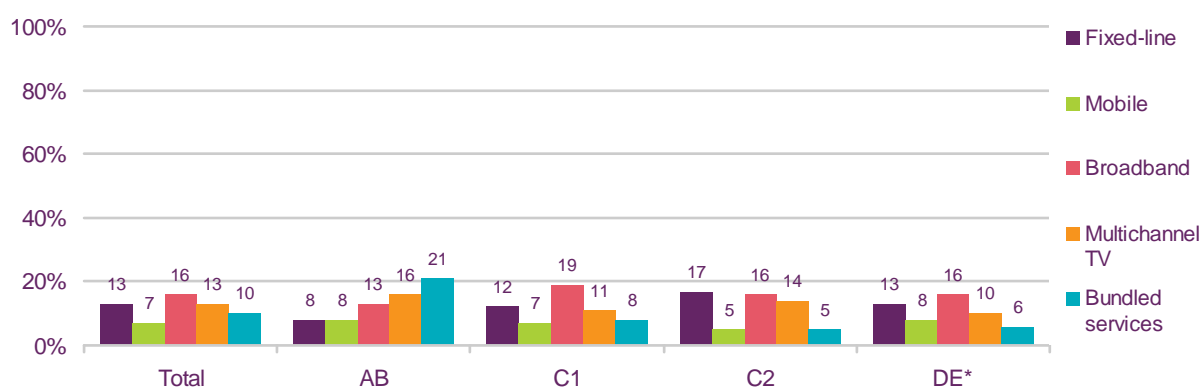
Base: All adults 15+ who are the decision maker and express an opinion on (fixed, 909) (mobile, 1251) (broadband, 452) (multichannel TV, 876) (bundled services, 530). Base size for 15-25 year olds and 75+ too small to analyse
 Source: Ofcom communications tracking (2006/07) / decision making survey (2008)

Dissatisfaction with value for money in the fixed market was higher among consumers aged 25-44 and 45-64. There was little difference in the proportion of mobile customers dissatisfied with this aspect of their mobile service.

Dissatisfaction with value for money of broadband services appears to have been driven by the 25-44 year old age group, with a fifth (21%) of this age group dissatisfied with this aspect. In the multichannel TV market the younger age groups also appeared to drive the level of dissatisfaction.

There were no significant differences in dissatisfaction by age among customers in the bundled services market.

Figure 93: Dissatisfaction with value for money, by socio-economic group



* Small base size treat as indicative only

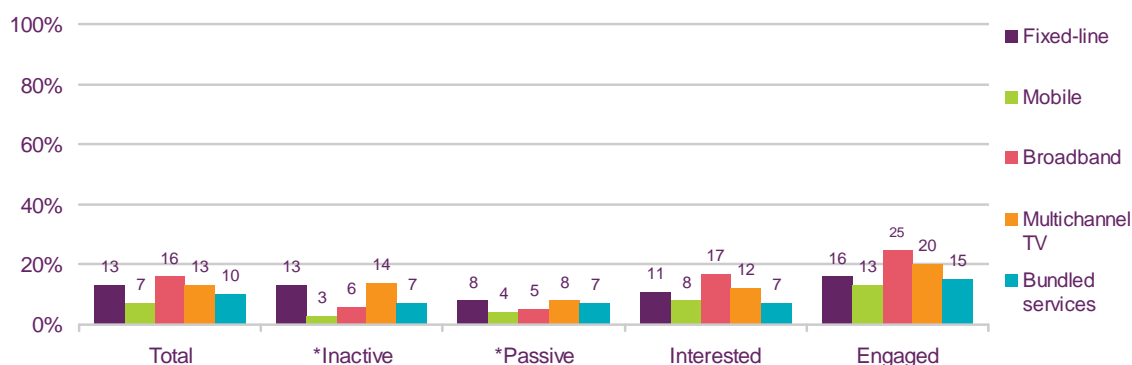
Base: All adults 15+ with a service who expressed an opinion on (fixed, 909) (mobile, 1251) (broadband, 452) (multi-channel TV, 876) (bundled services, 530)

Source: Ofcom decision making survey, July 2008

There were some differences in levels of dissatisfaction with value for money by socio-economic group across most markets, with the exception of the mobile market. In the fixed market, dissatisfaction was highest among C2s, while in the broadband market C1s appeared to be the most dissatisfied. Dissatisfaction with multichannel TV was highest among ABs – perhaps unsurprising as this group were more likely to use pay-TV as opposed to Freeview. In the bundled market ABs again drove up the levels of dissatisfaction with 21% dissatisfied with the value for money of their package.

5.3.6 Dissatisfaction with value for money, by level of participation

Figure 94: Dissatisfaction with value for money, by level of participation



* Small base size for some markets; treat as indicative only

Base: All adults 15+ who are the decision-maker and express an opinion²¹

Source: Ofcom decision-making survey, July 2008

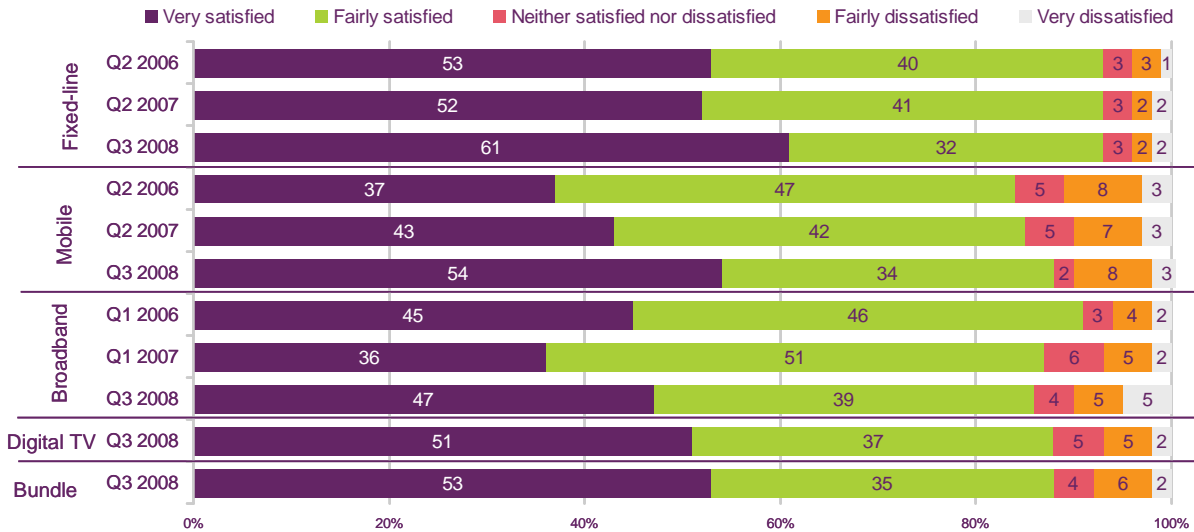
As with the levels of overall dissatisfaction, dissatisfaction with value for money was also higher among those groups of consumers more interested, or engaged, in each market and therefore arguably the least vulnerable.

²¹ (fixed - inactive 214, passive 144, interested 341, engaged 242) (mobile - inactive 384, passive 173, interested 414, engaged 299) (broadband - inactive 112, passive 61, interested 151, engaged 136) (multi-channel TV - inactive 309, passive 153, interested 322, engaged 112) (bundled services - inactive 84, passive 56, interested 182, engaged 212)

A quarter of 'engaged' consumers in the broadband market were dissatisfied with their value for money, compared to 6% of 'inactive' consumers. There was least differentiation in the multichannel TV market by segment, although 'engaged' groups in this market were the most dissatisfied.

5.3.7 Satisfaction with reliability of service, over time

Figure 95: Satisfaction with reliability of service, over time



Base: All decision makers aged 15+ with a service who expressed an opinion²².
 Mobile question – 'satisfied with reception/ease of accessing the network'
 Source : Ofcom communications tracking (2006/07) / decision making survey (2008)

Satisfaction with the reliability of fixed-line services has not varied greatly since 2006, with nine in ten consumers very, or fairly, satisfied. The percentage of fixed-line and mobile consumers who were 'very satisfied' has increased significantly since last year.

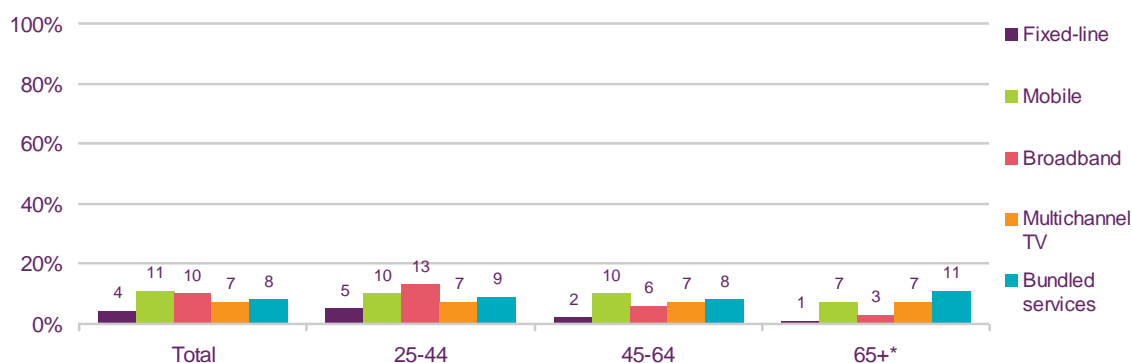
The fall in satisfaction with broadband reliability, noted last year, has been maintained and satisfaction with this aspect now stands at 86%. However, more broadband customers were 'very satisfied' with this aspect of their service compared to last year.

Satisfaction with the reliability of digital TV and bundled services are broadly similar to each other, at just under 90% each.

²² Fixed-line (Q2 2006, 2194) (Q2 2007, 1294) (July 2008, 928) mobile (Q2 2006, 1768) (Q2 2007, 1254) (July 2008, 1260) broadband (Q1 2006, 830) (Q1 2007, 726) (July 2008, 456) multi-channel TV (July 2008, 889), bundled services (July 2008, 533)

5.3.8 Dissatisfaction with reliability of service, by demographic group

Figure 96: Dissatisfaction with reliability of service, by age



* Small base size; treat as indicative only

Base: All decision-makers aged 15+ who expressed an opinion²³.

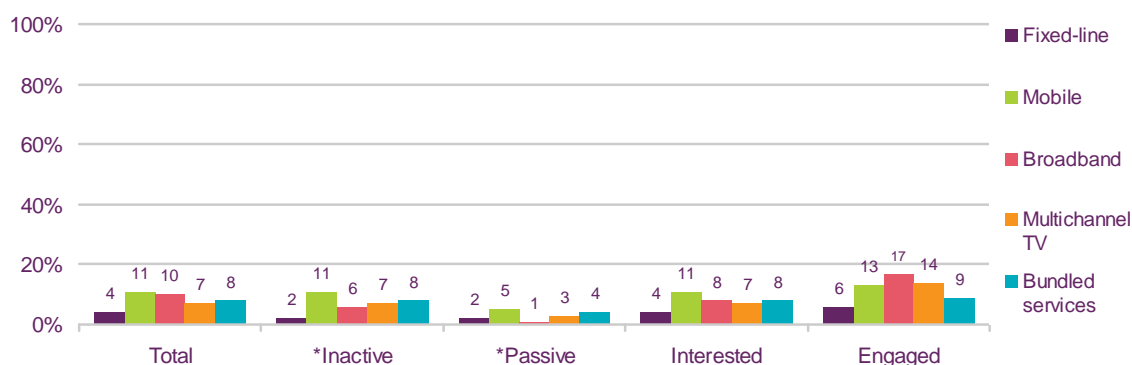
Mobile question – ‘satisfied with reception/ease of accessing the network’

Source : Ofcom communications tracking/decision-making survey, July 2008

The only significant difference by age in the proportions dissatisfied with the reliability of their communications services was in the broadband market, where younger consumers (25-44) drove dissatisfaction.

5.3.9 Dissatisfaction with reliability of service, by level of participation

Figure 97: Dissatisfaction with reliability of service, by level of participation



Base: All adults 15+ who are the decision-maker and express an opinion²⁴

Mobile question – ‘satisfied with reception/ease of accessing the network’

Source: Ofcom decision-making survey, July 2008

Consistent with the higher dissatisfaction levels with other aspects of service, dissatisfaction with reliability is generally higher among ‘interested’ and ‘engaged’ consumers.

²³ Fixed-line (928) mobile (1260) broadband (456) multi-channel TV (889) bundled services (533).

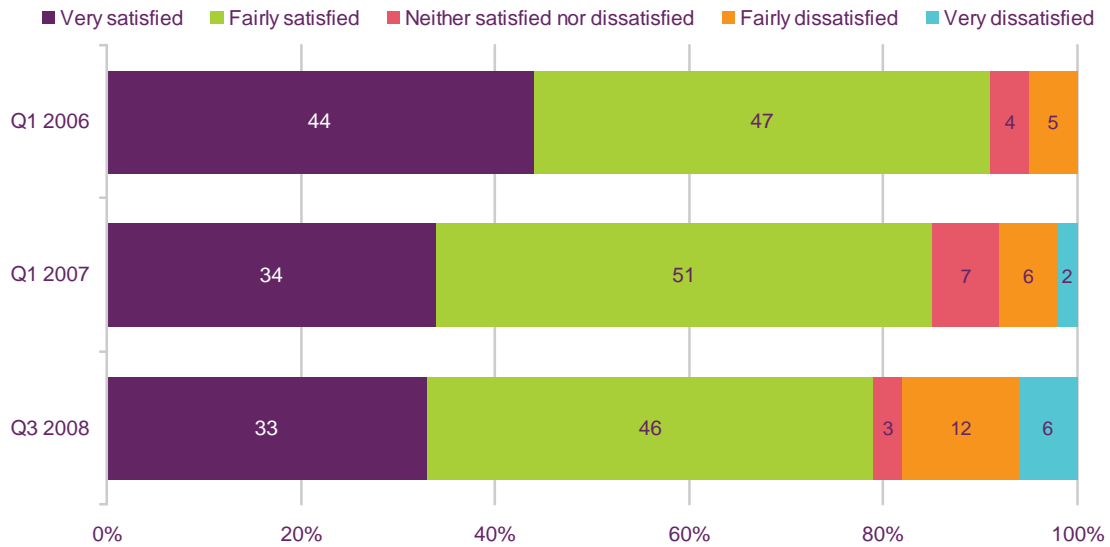
Base size for 15-25 year olds and 75+ too small to analyse

²⁴ Fixed-line (inactive 214, passive 144, interested 341, engaged 242) Mobile (inactive 384, passive 173, interested 414, engaged 299) Broadband (inactive 112, passive 61, interested 151, engaged 136) Multi-channel TV (inactive 309, passive 153, interested 322, engaged 112) Bundled services (inactive 84, passive 56, interested 182, engaged 212)

5.3.10 Satisfaction with speed of broadband service, over time

One service aspect specific to the broadband market is speed. As noted above, and reported in the Consumer Protection section of this report, consumers have recently become more concerned about their internet service and some have noted that their speeds are not as fast as they had expected. The following chart illustrates the downward trend in satisfaction with broadband speeds, which partly explains this higher level of concern.

Figure 98: Satisfaction with speed of broadband service, over time



Base: All broadband decision makers aged 15+ with a service who expressed an opinion
Source : Ofcom communications tracking (2006/07) / decision making survey (2008)

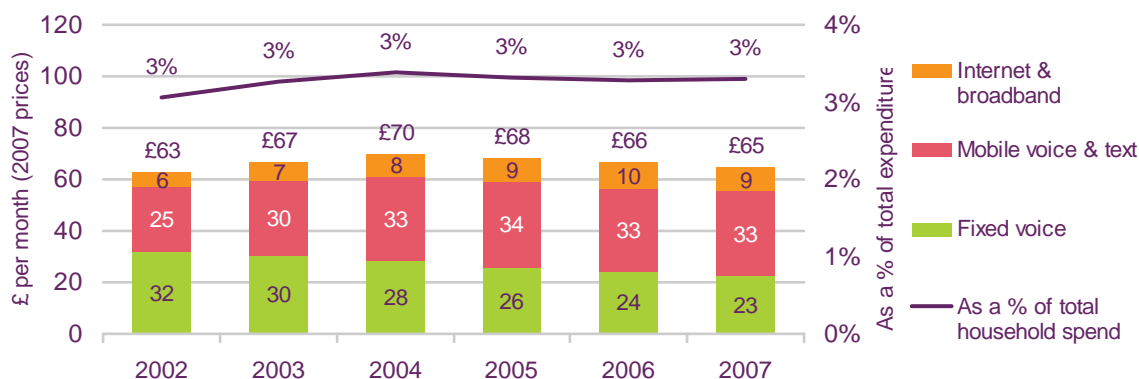
Satisfaction with broadband speeds stood at 91% in 2006, with 5% dissatisfied. The decline in satisfaction noted in 2007 has continued and satisfaction now stands at 79%. Almost four times as many as in 2006 (18%) were dissatisfied with this aspect of their service.

Dissatisfaction with speeds was higher among groups of consumers who were more engaged or knowledgeable about the market - from 16% of those who were 'interested' in the market to 27% of those who were 'engaged'. Dissatisfaction stood at 11% among 'inactive' and 8% of 'passive' broadband consumers.

5.4 Consumer choices and range - metric 4: spend on UK communications services

5.4.1 Change in spend on residential telecoms services

Figure 99: Average household spend on telecoms services



Source: Ofcom/operators/ONS

Note: Includes estimates where Ofcom does not receive data from operators; adjusted to RPI; includes VAT

The amount consumers are spending on fixed-line voice services fell by around 6% during 2007, driven by a fall in the total number of lines and lower use per line. There are indications that lower use may be due to more consumers choosing to use mobile and, to a lesser extent, the internet to communicate instead of fixed telephony.

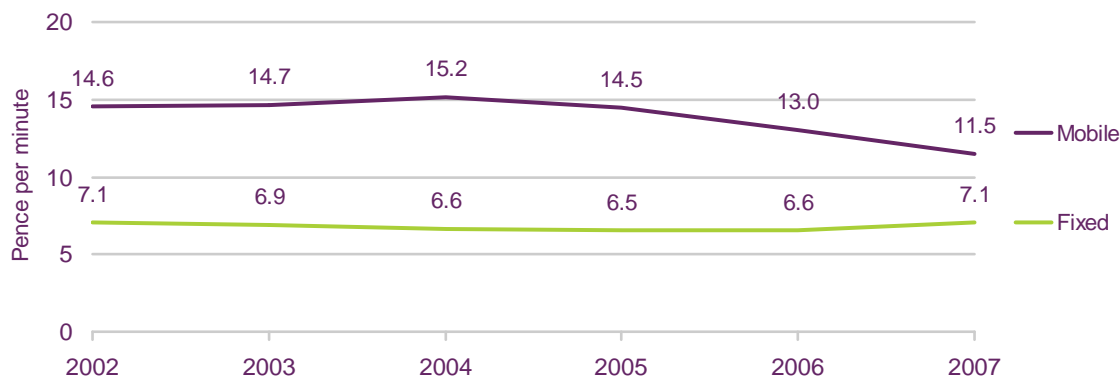
Mobile accounted for over half of household telecoms expenditure. The average price spent per minute on mobile is falling as more minutes are included in tariff plans.

Average household spend on internet and broadband access fell for the first time in 2007 as falling prices offset increasing broadband take-up. Falling average prices are in part driven by the increasing take-up of 'bundled' services. A number of providers (including TalkTalk, Orange and BSkyB offer 'free' broadband services to those who take it in conjunction with other fixed-line, mobile or digital TV services.

An additional factor in reducing overall average prices is the increasing prevalence of lower-priced broadband tariffs (with lower data speeds and download allowances) aimed at lighter users of the internet. The figures are based on operators' own allocation of revenue and should be treated with some caution, as the increased take-up of bundled offerings makes it difficult to precisely apportion spending.

5.4.2 Change in cost of fixed-line and mobile services

Figure 100: Comparison of average of fixed and mobile voice call charges



Source: Ofcom / operators

The average cost of a mobile minute fell to 11.5p in 2007, 38% more than the cost of an average fixed-line call minute. It should be noted that the cost per minute for a mobile is over-stated as it does not include the value of the handset subsidy which mobile operators recoup over the course of the contract.

The average cost of a fixed voice call minute increased in 2007, despite the inclusion of more minutes in fixed-line tariff packages, as overall use fell. By contrast, mobile call charges continued to fall from a peak of 15.2 pence per minute in 2004 to 11.5 pence in 2007. This is the consequence of contract users taking advantage of more inclusive minutes, while more 'bonus' minutes have become available on pre-pay plans.

5.5 Consumer choices and range - metric 5: international comparisons of the cost of communications services

There is wide international variation²⁵ in the consumer experience of communications services. The metric which probably matters most to the greatest number of consumers is the price they pay for their services.

In order to make comparisons between prices in the UK with those in other countries we have developed a methodology based on identifying prices for 'baskets' of communications services across a range of 'typical' households in the UK, France, Germany, Italy, Spain and the US (where we have used Illinois as a representative state).

This year's analysis builds on that developed in Ofcom's 2006 and 2007 *International Communications Market Reports*, but marks a step-change in terms of the range of tariffs considered (4,847 in total across the six countries), the incorporation of additional complexities both in terms of the baskets (for example, a range of call lengths are included in the fixed and mobile baskets) and in terms of the tariffs (for example, including promotional offers, subject to certain criteria).

A more in-depth analysis is provided in Ofcom's *International Communications Market Report 2008* (published on 20 November 2008). This takes an additional multi-service approach and considers the benefits available to consumers by purchasing communications

²⁵ For further detail see the International Communications Market Report www.ofcom.org.uk/cm/icmr08

services in bundles, such as ‘double-play’ offers incorporating voice and broadband services, and ‘triple-play’ services incorporating voice, broadband and TV.

5.5.1 Comparative international pricing

Methodology

Further methodological details are available in Annex 4, and a full methodology is available online at: www.ofcom.org.uk/research/cm/icmr08 .

The basic principles are outlined below:

- We constructed five ‘typical’ household types, which collectively may be seen as representative of the average population across our countries, and defined a basket of communications services (fixed-line voice, mobile, broadband, TV) appropriate for each household type. These are illustrated in Figure 101 below.

Figure 101: Household types

"Typical" household type		Fixed voice	Intern'l voice	Mobile voice	Mobile messaging	Fixed-line broadband	Mobile broadband	Television
1	A retired low-income couple	Low	-	-	-	-	-	Basic
2	A couple of late adopters	Medium	Low	Low	-	Low	-	Basic
3	A single mobile-only user	-	Medium	High	High	-	High	Pay TV
4	A "networked" family	High	Medium	Medium	High	Medium	-	Pay TV
5	Affluent couple with sophisticated use	-	High	-	Medium	High	-	Premium pay TV

Source: Ofcom

- In July 2008, details of every tariff and every tariff combination from the largest three operators in each country by retail market share were collected²⁶
- Our model identifies the tariffs that offer the lowest price for each of the household baskets.
- All prices are converted back to UK currency using a Purchasing Power Parity (PPP) adjustment, based on OECD comparative price levels and the exchange rate in July 2008.

Specific details of the basket contents are detailed in Annex 4, which also includes further detail on the methodological principles and highlights some limitations.

5.5.2 Fixed voice: international price comparisons

Figures 102 and 103 below look at the costs of the fixed-line voice components of the baskets illustrated above. A comparison of both weighted average²⁷ pricing and best offer²⁸ pricing is given below.

²⁶ Data from more than three operators used if required to ensure that a minimum of 80% of the overall market was represented

Comparison of the overall weighted average prices indicates that there is little difference between Germany, the UK, Italy and France - all of these countries are cheaper than Spain and the US.

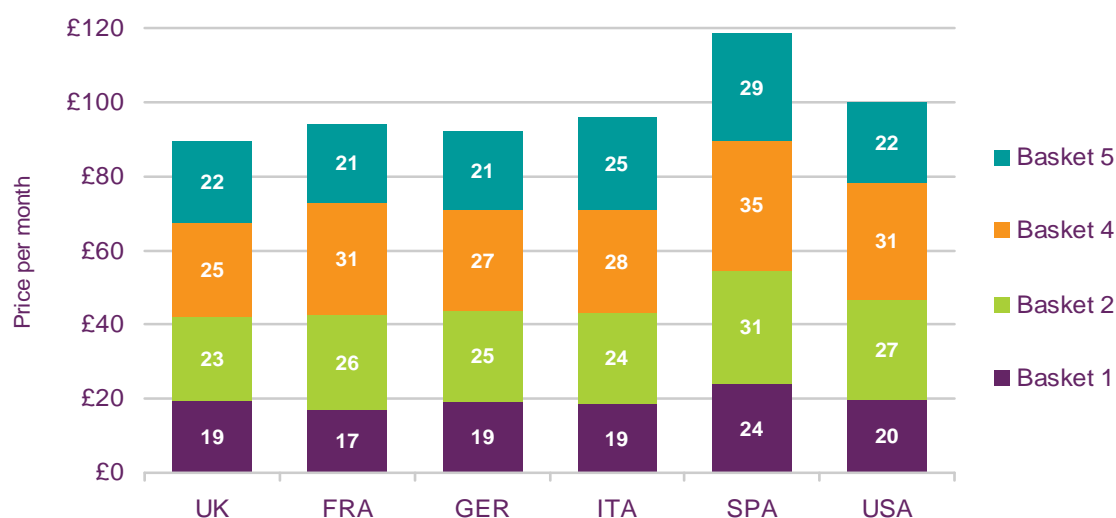
However, there are some notable differences between the baskets - created by different tariffing structures within the countries.

The UK is more expensive than France for the lowest use Basket 1 as a consequence of having relatively high line rental charges²⁹. The UK is however, marginally cheaper than France for the highest-use Basket 4, due to the relatively low cost of purchasing enhanced tariffs or add-ons. These add-ons offer unlimited any-time national calls, or reduced prices on international calls or calls to mobiles.

Spain is the most expensive country, because tariffs offered by incumbent Telefonica (which has 80% market share) are more expensive than those of incumbents in the other European countries. Unlike basic tariffs offered by BT, Deutsche Telecom, France Telecom and Telecom Italia, Telefonica's basic tariff does not offer any inclusive calls.

The US appears more expensive than the European countries, other than Spain, as the cost of national calls more than outweighs the low line rental and free local calls. The US also offers the lowest price of calls from fixed lines to mobiles³⁰, although the small fixed-to-mobile call element in our baskets means that this feature of the US market has little impact on the overall findings.

Figure 102: Comparative single-service 'weighted average' fixed line voice pricing



Source: Ofcom using data supplied by Teligen

Note: Weighted average of best-value tariff from each of the three largest operators by market share in each country; July 2007; PPP adjusted

In looking at the best tariff available from the three largest operators in each country (figure 103) there are some striking differences from the 'weighted average' analysis.

²⁷ calculated from the weighted average of the best value tariffs from the three largest operators in each country

²⁸ cheapest tariff available from the three largest operators in each country

²⁹ the international comparison did not take account of the BT Basic package which offers service at a significantly reduced cost to eligible consumers (see Consumer Experience Policy Report)

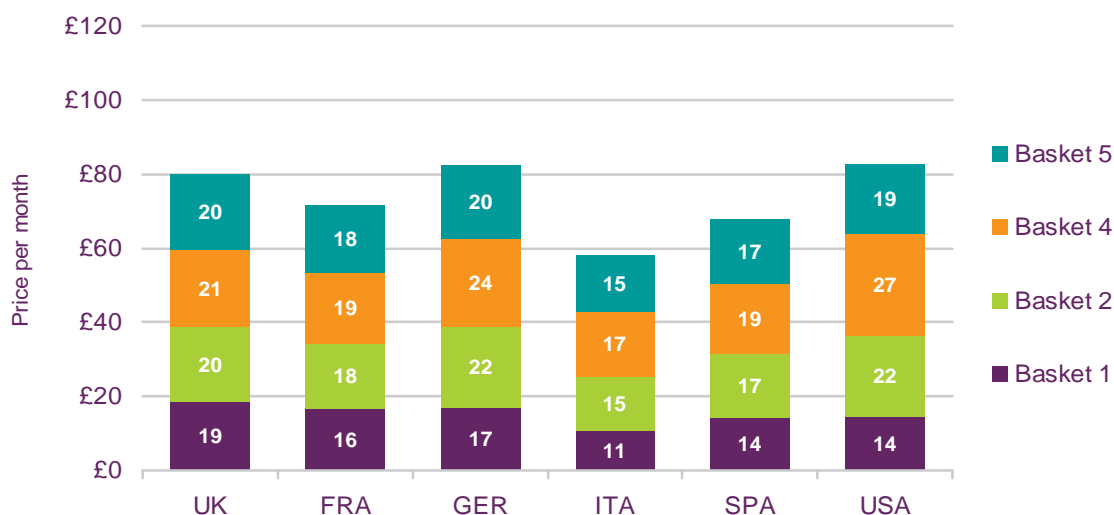
³⁰ this is a result of the 'receiving party pays' interconnect regime, which means that mobile users typically pay for incoming calls

While the ‘weighted average’ analysis is, to a considerable extent, a reflection of incumbent pricing (with incumbents having market share of over 60% in all countries), the ‘best offer’ analysis gives prominence to tariffs from the largest alternative network (alt-net) operators.

Despite offering the lowest and second lowest overall prices on the ‘weighted average’ basis, Germany and the UK have the highest overall prices of all the European countries when only the best tariff for each basket is considered. This is partly because of a much lower differential between the pricing of the incumbent and of the two largest alternative networks. Interestingly, the UK is the only country in which a tariff from the incumbent appears as a ‘best offer’ tariff for one of the baskets.

In contrast, the best alt-net pricing in Spain typically undercuts the incumbent by around 50%, while alt-nets in Italy and France offer typical savings of between 20% and 30% on incumbent pricing. However, it must be noted that while there is the potential for some consumers in these countries to achieve lower fixed-line pricing for these baskets than is available in the UK, other networks typically do not have nationwide coverage, but are available only in areas where the local exchange has been unbundled (typically in areas of high population density).

Figure 103: Comparative single-service ‘best offer’ fixed line voice pricing



Source: Ofcom using data supplied by Teligen
 Note: Lowest tariff available for the fixed-line voice component of each basket from any of the three largest operators by market share in each country, July 2007; PPP adjusted.

5.5.3 Mobile: international price comparisons

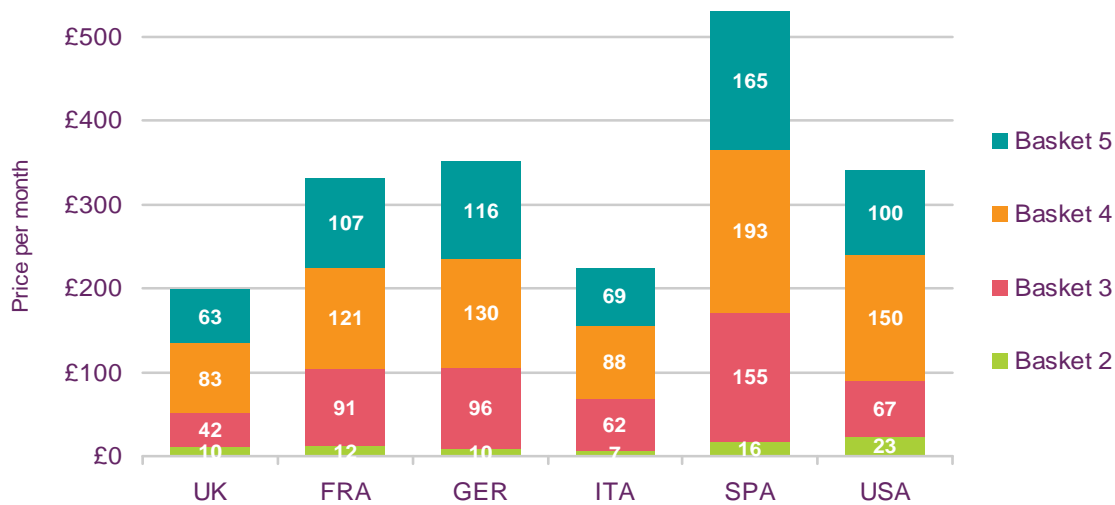
As in the analysis above, the following section includes a comparison of UK prices with four other European countries and the US (Illinois) in relation to their ‘weighted average’ prices for mobile and ‘best offer’ prices.

The UK reports lowest prices for all baskets except the lowest-use basket, for which the lowest prices are reported in Italy (Figure 104). In general, the UK and Italy are significantly cheaper than all the other countries.

This is perhaps indicative of the higher levels of price competition in Italy and the UK than in the other countries, driven by saturated markets; in both countries the number of mobile connections has exceeded the population since 2005. It might also reflect the disruption caused by new entrant Hutchison 3G (branded as ‘3’), which launched in both countries in 2003 and since then has sought to gain market share through low-priced offers (note that as

Hutchison 3G is the fifth largest operator in the UK and the fourth largest in Italy, its tariffs are excluded from this analysis).

Figure 104: Comparative single-service ‘weighted average’ mobile pricing



Source: Ofcom using data supplied by Teligen

Note: Weighted average of best-value tariff from each of the three largest operators, by market share, in each country; July 2007; PPP adjusted

Although they offer the lowest prices, the characteristics of the mobile markets in the UK and Italy are very different to each other. While Italy’s mobile market is dominated by pre-pay (90% of the market is pre-pay) in the UK around 40% of mobile connections are post-pay.

In the UK post-pay line rental typically includes a large number of inclusive any-time any-network minutes and SMS texts³¹. The result is that high users tend to pay a flat rate for most of their use, and the value available from these tariffs is evident in the low relative prices for the high-use mobile connections in Basket 3, Basket 4 and Basket 5.

However, the relatively low prices in Italy are driven by a market which is characterised more by metered use than flat rate pricing. Line rental is typically much lower than in the UK, with correspondingly lower numbers of inclusive minutes and SMS³². The result is relatively low prices for consumers with low monthly use (as in Basket 2). Although not captured in our findings, this pricing structure has benefits to consumers, in that it offers greater flexibility to consumers who do not know their monthly use, or whose use varies from month to month.

Higher prices in Spain are a feature of all our mobile baskets, and our findings are consistent with other research, including that published by the OECD.

The structure of the Spanish market may also go some way to explaining the relatively high prices in this country, with just three mobile operators, of which the largest two have more than 75% share³³. Another factor may be that mobile termination rates (MTRs) (i.e. the cost that a calling network must pay a receiving network in return for connecting the call) in Spain have historically been higher than in the other countries; although MTRs were cut by over 40% in 2007, they remain higher than in all the other countries with the exception of Italy. It

³¹ tariffs are characterised by heavily subsidised (or even ‘free’) handsets, with operators recouping the value over the course of the contract.

³² there is little by way of handset subsidy in Italy even for post-pay tariffs

³³ the Herfindhal-Hirschman Index indicates that the Spanish mobile market is less competitive than that in the other countries considered

is perhaps the case that the cuts have not yet translated into equivalently lower retail prices for consumers.

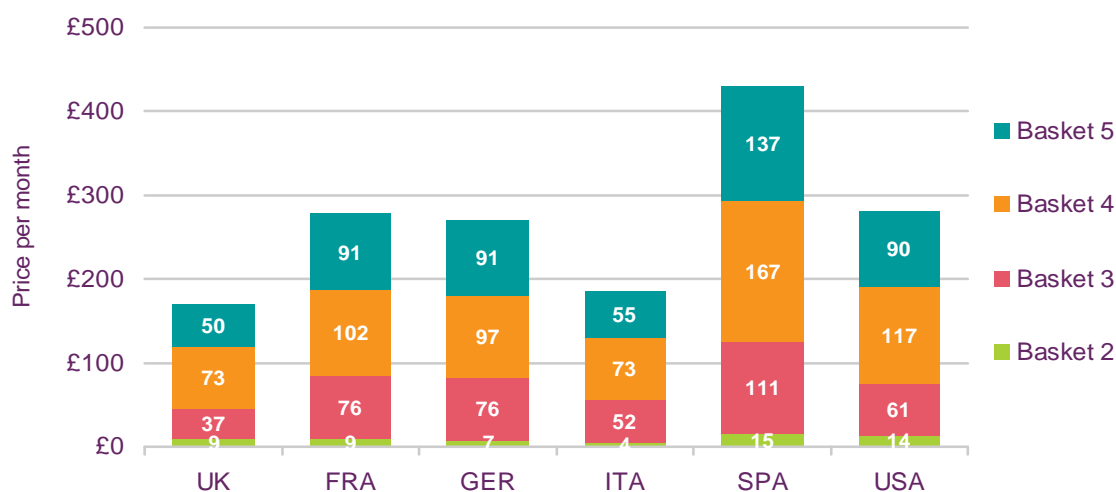
However, it should be noted that two characteristics of our methodology may discriminate against the pricing regime in Spain, making mobile calls appear more expensive than they would be with a different methodology. Further details are contained in Annex 4.

The US mobile market is very different from that in Europe because of a different interconnect regime which results in charges for incoming as well as outgoing calls. A consequence is that US mobile contracts typically include a very high number of inclusive (inbound and outbound) minutes in order to provide a 'flat-rate'-style tariff which incentivises consumers to leave their phone switched on. The impact of this on our pricing analysis is outlined below:

- Basic line rental is typically much higher in return for many more minutes, meaning that there are very few US tariffs targeted at the low users represented by Basket 2 and Basket 4 of our analysis.
- Overall average mobile phone use in the US is much higher than in European countries (722 combined inbound and outbound minutes per mobile connection in 2007, compared to 116 outbound minutes in the UK and 62 in Germany), so, even though the baskets have been created to be representative of average use across the six countries, the mobile baskets collectively have a much lower usage profile than the US average. Because the baskets are less representative of the US market than of the European market, they contain a bias against the US. Put simply, were our baskets to contain much higher mobile use, the US would be relatively less expensive.

In looking at the 'best offers' available to consumers for the mobile phone components of each basket, the pattern is broadly similar to the 'weighted average' analysis. Generally, in all countries, there is a greater proportional difference between the 'average' pricing and the 'best offer' pricing for the higher-use baskets, largely a result of greater variation between post-pay and pre-pay tariffs (Figure 105).

The greatest difference between the 'best offer' and the 'average' pricing is in Germany (Figures 104 and 105). This is due to the significantly lower prices offered by the third largest operator, E-Plus, which offers the lowest German prices for all but one of the eight mobile connections in our five household baskets.

Figure 105: Comparative single-service 'best offer' mobile pricing

Source: Ofcom using data supplied by Teligen

Note: Lowest tariff available for the mobile phone component of each basket from any of the three largest operators by market share in each country, July 2007; PPP adjusted.

5.5.4 Broadband: international price comparisons

Single-service broadband pricing comparison should be treated with caution, as broadband is very frequently bought as part of a multi-service bundle, and many operators do not even offer standalone broadband (for example, Sky in the UK offers broadband to its pay-TV customers only, while every broadband tariff from France Telecom has IPTV included). In all the countries analysed except the US, some operators offer a basic broadband service with some fixed voice tariffs, at no incremental cost.

The following analysis is based on the 'weighted average price' of fixed-line broadband only and does not include Basket 3 which contains mobile broadband. Details of the mobile broadband prices for Basket 3 are contained in Ofcom's *International Communications Market Report, 2008*.

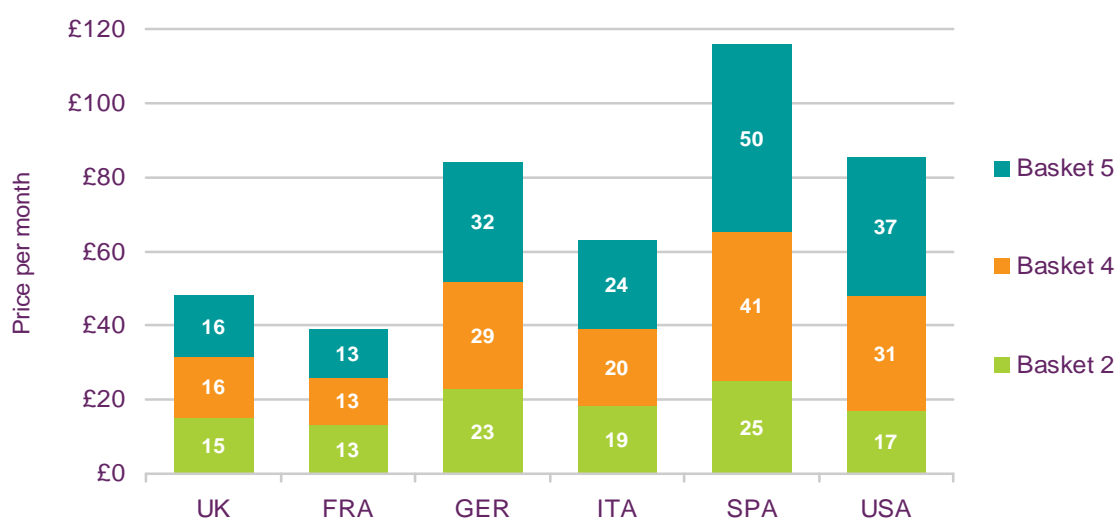
The lowest fixed-line broadband prices are available in France, where the most basic packages from all three of the leading operators meet the requirements of the highest specification basket (8Mbit/s and 5GB per month).

The UK offers the second-lowest prices, with 8Mbit/s basic tariffs offered by all the leading DSL operators, and relatively low prices being maintained by a competitive environment in which no one provider has more than 30% market share.

The high pricing of standalone broadband in Spain is largely due to operators generally targeting consumers with multi-play offers, with less than 20% of all broadband connections billed as a single service. 'Double-play' voice and broadband tariffs in Spain are comparable to those available in other countries.

However, it should be noted that none of our baskets includes genuinely high-speed broadband. This is because the very limited availability of next-generation access broadband in most of the countries would make price comparisons meaningless. Nevertheless, it should be recognised that high speed alternatives, often at no great incremental cost, are available to many households in the US and to significant numbers of households in Italy, France and Germany.

Figure 106: Comparative single-service ‘weighted average’ broadband pricing



Source: Ofcom using data supplied by Teligen
 Note: Weighted average of best-value tariff from each of the three largest operators by market share in each country; July 2007; PPP adjusted

5.5.5 TV: international pricing comparisons

Because of the variation in numbers and types of channels and quality of programming, like-for-like comparison of the pricing of television services is difficult. This is an issue which has been discussed in some detail in the context of Ofcom’s pay TV market investigation³⁴. For the purposes of this analysis we have used some headline prices of common pay TV packages, this is not however intended to either supplement or replace the analysis conducted under the pay TV investigation.

The following section outlines the ‘best offer’ for the following aspects of the TV market: TV licence; basic pay-TV and premium TV.

Licence fees are highest in Germany and the UK, where there is the highest investment per head in public service broadcasting. There is no licence fee in Spain and the US, where public funding is raised by alternative means.

“Basic pay-TV” is defined as the lowest subscription required to receive channels in addition to those available on free-to-view television. Italy and Germany offer the lowest costs for this ‘entry-level’ service. In Italy this is primarily due to a 15 Euro offer from satellite operator Sky Italia, which has 90% share of the country’s pay-TV subscriptions, while in Germany packages are available from both cable and satellite operators at around 17 Euros a month.

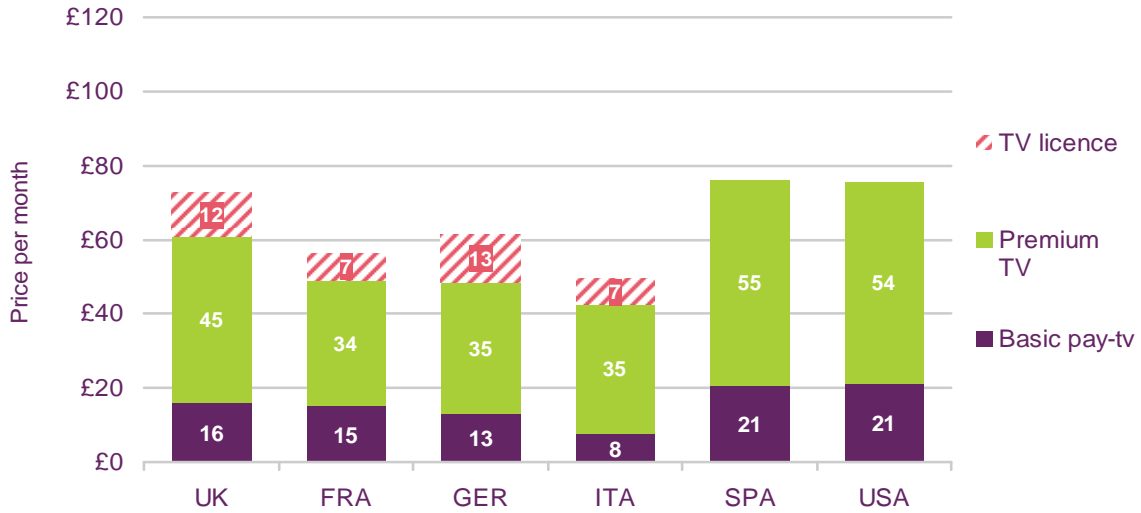
The UK and Spain have higher prices than Italy, Germany and France for a basket of premium services consisting of the best package of top-league football and first-run major Hollywood studio movies (Figure 107). In part this is due to the higher costs of the football rights, but it is also because the majority of the best rights are owned by one operator (BSkyB in the UK and Audiovisual Sport in Spain) which offers access to a bundle of matches in return for a monthly fee (rather than offering them on a pay-per-view basis).

The US is the most expensive country for this premium package, although this may be misleading as in some respects it is driven by the range of choice in the US, where both National Football League (NFL) viewing packages and movie packages are wrapped up in

³⁴ <http://www.ofcom.org.uk/tv/paytv/> - see paragraphs 7.56 to 7.71

many different tariffs. The requirement of this basket to have the best set of NFL matches means that the most expensive of many options has been chosen, which may not necessarily have the highest take-up.

Figure 107: Comparative single service ‘best offer’ TV pricing



Source: Ofcom using data supplied by Teligen

Note: Basic pay-TV is defined as the minimum price required to purchase a pay-TV packages which includes channels not available over free-to-air TV; Premium TV is defined as the best package of top-league football (NFL in the US and first-run films from major Hollywood studios).

Section 6

Consumer empowerment

Introduction

To take advantage of competitive markets, consumers need to be equipped to shop around to obtain the best deal. This section of the report describes to what extent consumers are empowered with the knowledge and information they need in order to obtain the best deal, and to what extent they are confident enough to switch between suppliers.

We also explore how, and why, consumers make decisions about whether or not to switch supplier and the impact of their perceptions and mindsets on switching behaviour.

Consumer information is an important part of empowerment and this section explores whether or not consumers know where to go to obtain comparative information to help them make informed choices.

Consumer empowerment metrics

The key findings in this report are analysed by the following demographic groups: age, income, and socio-economic group.

Data this year are also analysed according to consumers' level of participation in the communications market using the index created in 2006 and modified in 2007: The segments identified were 'engaged', 'interested', 'passive' and 'inactive'. Sub-group differences are only noted when they are significantly different from the total sample.

The table below lists the consumer empowerment metrics we have used. The data presented in the table are based on all adults, or all households, in the UK. Each of these metrics is then discussed in the text below, with graphs indicating how the data vary by demographic group.

6.1	Consumer empowerment metric 1: participation in communications markets	83
6.1.1	Trend in levels of participation in the communications market.....	83
6.2	Consumer empowerment metric 2: switching in the communications markets	84
6.2.1	Switching communications supplier in the past 12 months.....	84
6.2.2	Switching fixed-line supplier.....	85
6.2.3	Consumers who have switched household fixed-line supplier in the last 12 months – demographic profile.....	86
6.2.4	Proportion of consumers who have ever negotiated with their fixed-line supplier.....	87
6.2.5	Switching mobile supplier.....	88
6.2.6	Consumers who have switched mobile network supplier in the last 12 months – demographic profile.....	89
6.2.7	Proportion of consumers who have ever negotiated with their mobile supplier	90

6.2.8	Switching internet service provider (ISP)	91
6.2.9	Consumers who have switched household broadband ISP in the last 12 months – demographic profile	92
6.2.10	Proportion of consumers who have ever negotiated with their broadband supplier.....	93
6.2.11	Switching multichannel TV supplier	93
6.2.12	Proportion of consumers who have ever negotiated with their multichannel TV supplier.....	95
6.2.13	Switching bundled services supplier	95
6.2.14	Demographic profile of consumers who have switched bundled services supplier in the last 12 months	96
6.2.15	Proportion of consumers who have ever negotiated with their bundled communications services supplier	97
6.2.16	Comparisons with switching levels in other markets.....	98
6.3	Consumer empowerment metric 3: ease of switching in the communications markets	98
6.3.1	Opinion of ease of switching in the communications market, among those who have switched.....	99
6.3.2	Perceived opinion on ease of switching in the communications market, among those who have never switched.....	100
6.3.3	Barriers to switching supplier	100
6.4	Consumer empowerment metric 4: awareness of trusted information sources	102
6.4.1	Awareness of trusted information.....	102
6.4.2	Types of trusted sources of information	103
6.5	Consumer empowerment metric 5: ease of making cost comparisons between suppliers	104
6.5.1	Demographic profile of those who find it difficult to make cost comparisons	105
6.6	Additional insights among minority groups	106
6.6.1	People with a visual impairment.....	107
6.6.2	People with a learning disability	107

6.1 Consumer empowerment metric 1: participation in communications markets

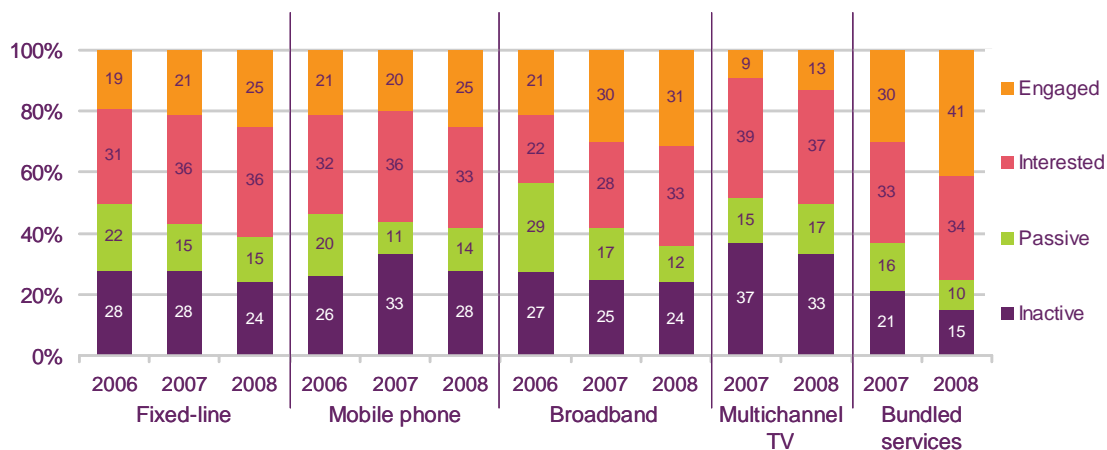
6.1.1 Trend in levels of participation in the communications market

As noted in section 2, Ofcom measured consumer participation in each of the communications markets by taking into account a wide range of ways in which consumers can engage with the market, including: switching suppliers; negotiating with current

suppliers; staying informed; and being aware of changes in the markets. The metric takes account of past and current behaviour.

In order for a market to remain competitive there needs to be a certain amount of consumer activity in terms of switching and/or monitoring markets and being prepared to switch. It is therefore important for Ofcom to track consumer participation.

Figure 108: Participation segments, over time



Base: All adults 15+ who are the decision-maker for each service; fixed line (2006, 302) (2007, 1018), (2008, 941), mobile (2006, 466) (2007, 1211), (2008, 1270), broadband (2006, 232) (2007, 403) (2008, 460), multichannel TV (2007, 800) (2008, 896), bundled services (2007, 384) (2008, 534)
 Source: Ofcom decision-making survey July 2006, July 2007 and July 2008

There have been some significant changes in levels of participation over the last 12 months; encouragingly, this has led to higher proportions of ‘engaged’ consumers in each of the communications markets.

In the fixed-line market the increase in the proportion of consumers who were ‘interested’ last year has been sustained and this year also sees a significant rise in the proportion of ‘engaged’ consumers in this market (25% vs 21%). This has been driven by increased proportions of consumers who have either switched or negotiated with their suppliers.

In the mobile market, the most significant changes were a reduction in the proportion of ‘inactive’ consumers and growth in the proportion who were ‘engaged’. Similarly, the proportion of ‘engaged’ consumers in the multichannel TV market rose to 13%.

There have also been some significant changes in the broadband market. The rise in engagement noted last year has been sustained, with additional growth in the proportion of ‘interested’ consumers – up from 28% to 33%. This shift has largely been driven by higher proportions of consumers now actively looking at alternative suppliers in this market.

The largest increase in ‘engagement’ was in the bundled market. This was driven by the recent switching behaviour within this market, with a higher proportion of bundlers now taking a triple-play package (Figure 61).

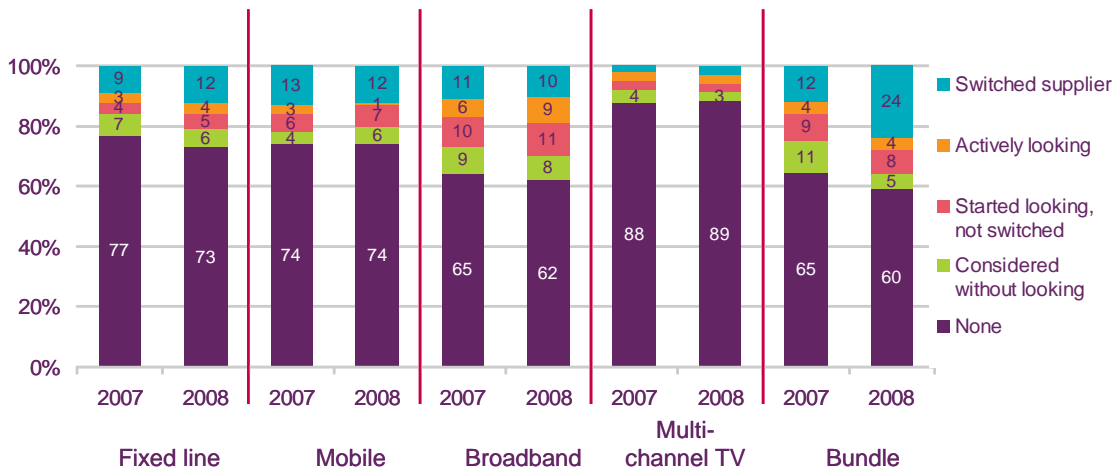
6.2 Consumer empowerment metric 2: switching in the communications markets

6.2.1 Switching communications supplier in the past 12 months

The level of consumer participation is calculated using various data points, including consumers’ actual or potential switching behaviour, in each market. The chart below

summarises recent stated behaviour (i.e. in the last 12 months), ranging from actively keeping an eye on the market to switching supplier.

Figure 109: Switching in communications markets in the past 12 months



Base: Decision makers with each type of service (804 Fixed, 1250 Mobile, 402 Broadband, 765 Multi-channel TV, 441 Bundled)
 Source: Ofcom decision-making survey, July 2007 and July 2008

More switching has occurred in the bundled market than any of the other markets, with a quarter of consumers in this market having switched supplier in the last 12 months.

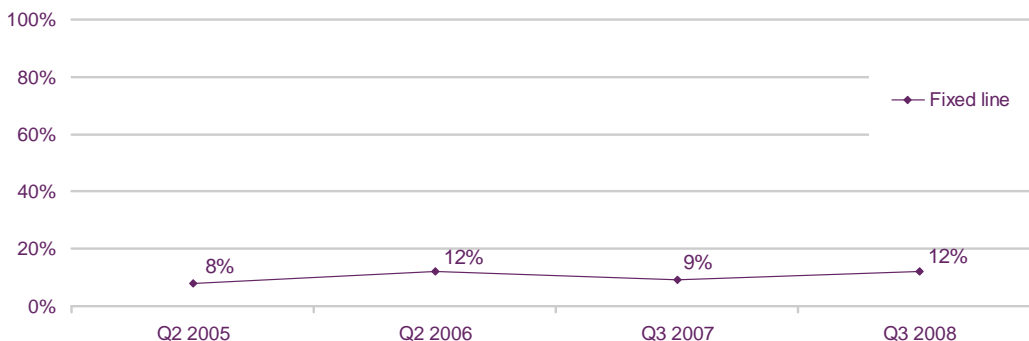
The broadband market has the most potential for switching movement in the future. One in ten (9%) broadband customers said they were actively looking at alternative suppliers at the moment, a further one in ten (11%) said they had started looking, and 8% said they had considered switching but had not started looking at alternatives.

The following section looks specifically at switching behaviour and negotiations with supplier within each market in more detail.

6.2.2 Switching fixed-line supplier

Around one in ten fixed line customers switched supplier in the last 12 months. The proportion switching each year has remained relatively steady since 2006.

Figure 110: Switching in the fixed-line market in the past 12 months³⁵



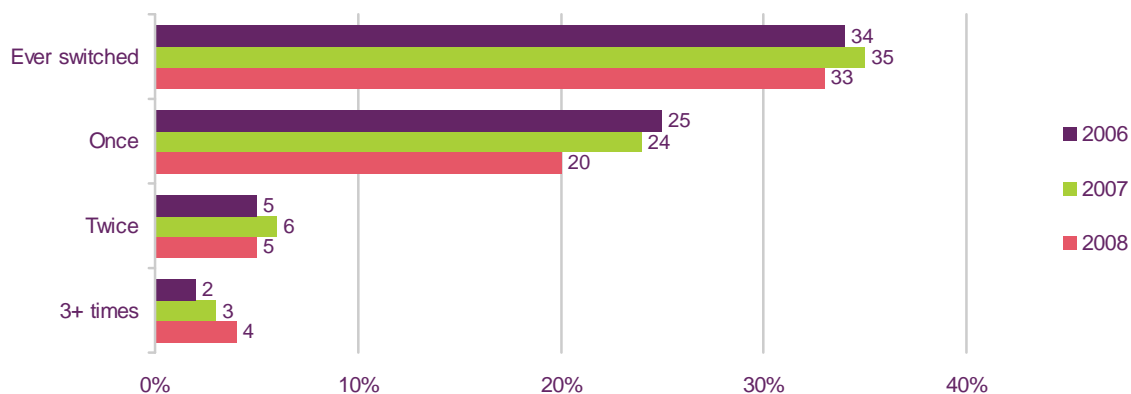
Base: All fixed line decision makers (941)
 Source: Ofcom communications tracking (2005-2006) /Ofcom decision-making survey (2007-2008)

³⁵ 2007 data now based on decision making survey, previous report used communications tracking survey data from Q2 2007

A third of fixed-line customers have ever switched their supplier – this proportion has remained unchanged over the last two years. Since there has been no change in the overall level of switching, we can assume that recent switchers have switched before.

In total, 5% of customers have switched twice and 4% (up from 2% in 2006) have switched three or more times.

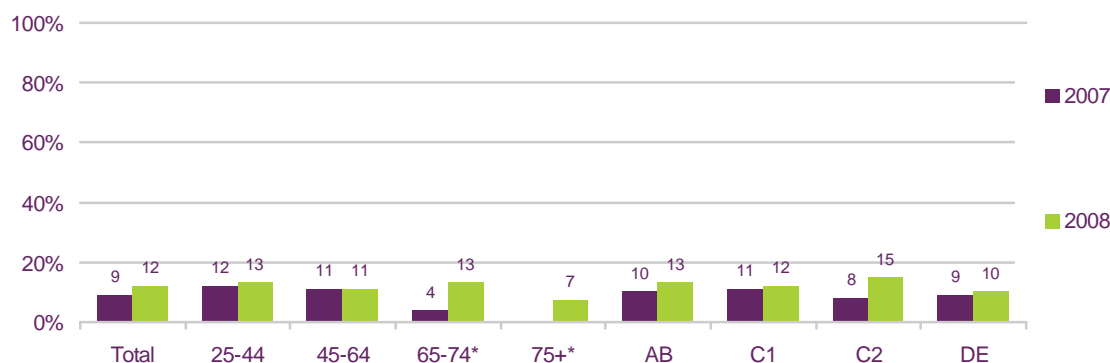
Figure 111: Number of times switched fixed-line supplier



Base: All adults 15+ with a fixed line (Q2 2006, 2234) (Q2 2007, 1329), all fixed-line decision makers (July 2008, 941)
 Source: Ofcom communications tracking (2006-2007) /Ofcom decision making survey (2008)

6.2.3 Consumers who have switched household fixed-line supplier in the last 12 months – demographic profile

Figure 112: Switched fixed-line supplier in household in last 12 months, by age and socio-economic group

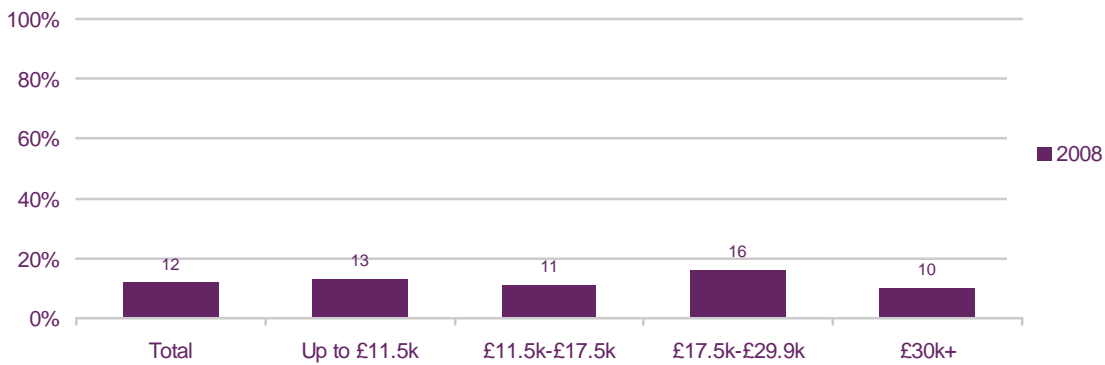


* Small base size treat as indicative only
 Base: All fixed-line decision makers (July 2007, 1018) (July 2008, 941)
 Source: Ofcom decision making survey

There was no one particular demographic group driving the recent switching in the fixed-line market, with most age groups indicating similar levels of switching over the last 12 months.

Older (75+) consumers remain less likely than other age groups to switch and (unsurprisingly) are among those most likely to have been with the same supplier for longer than 10 years - 70% of this age group compared to 25% of 25-44 year olds.

Figure 113: Switched fixed-line supplier in household in last 12 months, by income



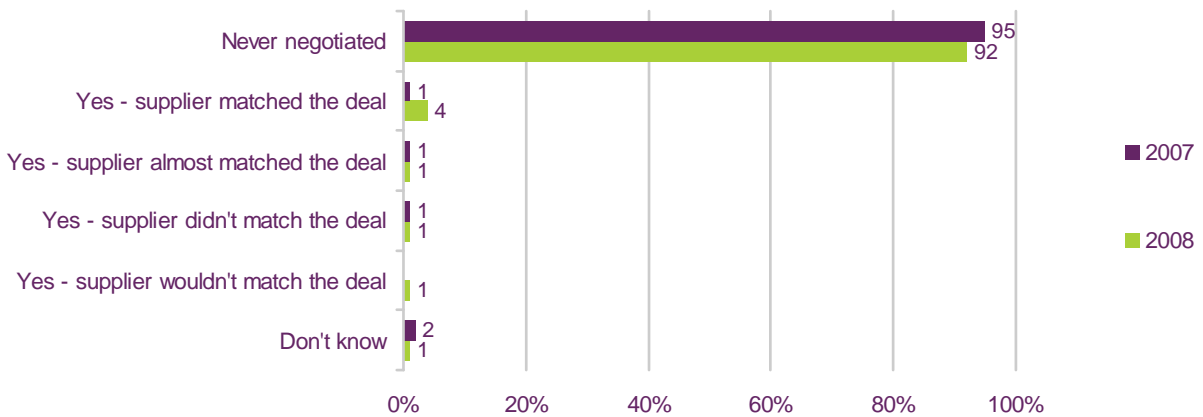
* Small base size; treat as indicative only
 Base: All fixed-line decision-makers (941). Comparable income data not available for 2007.
 Source: Ofcom decision-making survey, July 2008

Consumers with an annual household income of £17.5K-£29.9K were the most likely to have switched fixed-line supplier in the last 12 months.

6.2.4 Proportion of consumers who have ever negotiated with their fixed-line supplier

Switching suppliers is not the only measure of participation in the market. It is important to measure the extent to which consumers are negotiating packages with their current supplier.

Figure 114: Ever negotiated with current supplier in the fixed-line market



Base: All fixed-line decision makers (July 2007, 1018) (July 2008, 941)
 Source: Ofcom decision making survey

The vast majority of consumers (92%) have not ‘actively’³⁶ attempted to negotiate with their current fixed-line supplier, although negotiating with suppliers is more common than it was last year. In 2008 4% said their supplier had matched the deal they wanted. The increase in negotiating behaviour has at least partly driven the increase in the proportion of ‘engaged’ consumers in the fixed-line market.

³⁶ By active we mean consumers who have contacted their supplier with the intention of negotiating a new deal with them.

6.2.5 Switching mobile supplier

Figure 115: Switching in the mobile market in the past 12 months³⁷



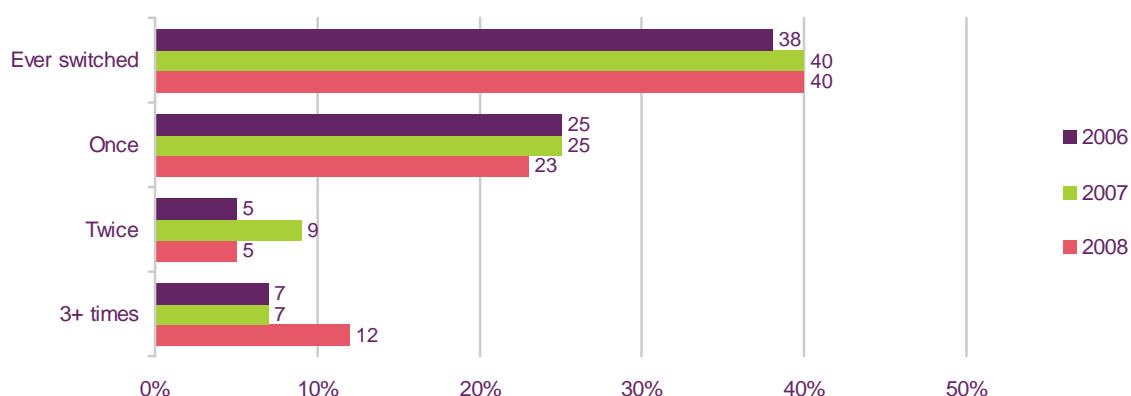
Base: All mobile decision-makers (1270), fixed-line decision makers (941)
 Source: Ofcom communications tracking (2005-2006) /Ofcom's decision-making survey (2007-2008)

As in the fixed-line market, around one in ten mobile phone consumers have switched their mobile network/supplier in the last 12 months. This maintains the reduced level of yearly switching behaviour, reported last year.

This reduction may be related to the longer contracts that consumers are entering into in this market. Eighteen-month contracts are now more widely used than before, and in July 2008 a fifth of contract customers said their mobile contract expired in more than 12 months time³⁸.

In addition, around one in ten mobile customers said they had negotiated with their supplier. This type of behaviour is also likely to constrain switching in this market but may provide benefits to the consumer in terms of saving cost and time.

Figure 116: Number of times ever switched mobile network supplier



Base: All adults 15+ with a mobile phone (Q2 2006, 1883) (Q2 2007, 1273), all mobile phone decision makers (July 2008, 1270)
 Source: Ofcom communications tracking (2006-2007) /Ofcom decision making survey (2008)

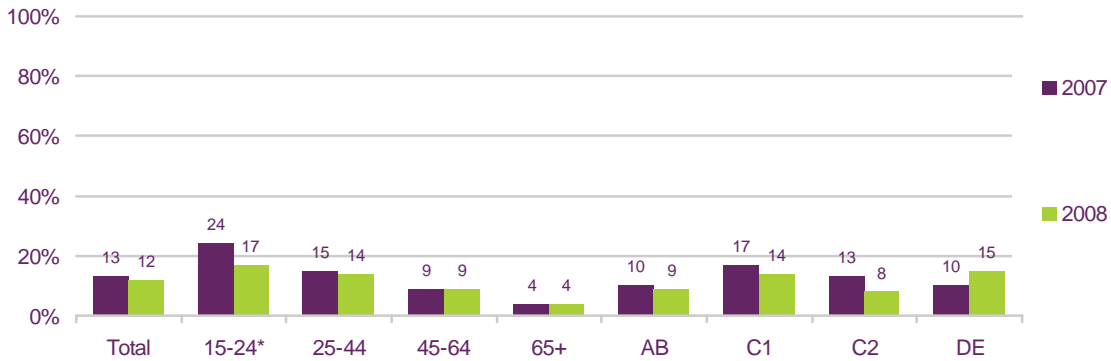
Two in five mobile customers have ever switched supplier. The increasing proportion of consumers who have switched mobile network/supplier three or more times suggests that recent switching behaviour has been driven by experienced switchers.

³⁷ 2007 data now based on decision-making survey, previous report used communications tracking survey data from Q2 2007

³⁸ Ofcom decision-making survey, July 2008

6.2.6 Consumers who have switched mobile network supplier in the last 12 months – demographic profile

Figure 117: Switched mobile supplier in the last 12 months, by age and socio-economic group



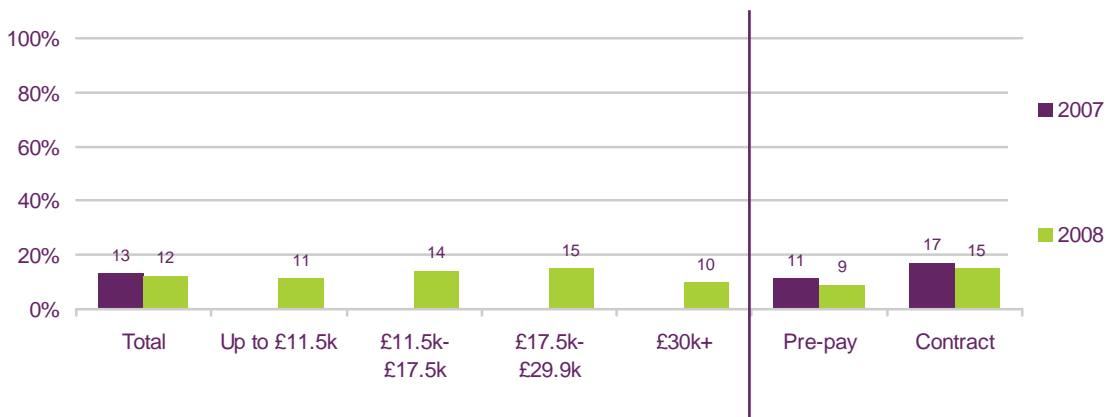
* Small base size treat as indicative only.

Base: All mobile phone decision makers adults (July 2007, 1211 July 2008, 1270)

Source: Ofcom decision making survey

Younger consumers and those in the C1 and DE socio-economic groups have driven the recent switching in the mobile market. Older consumers continue to be less likely to switch, which may not be solely age-related, as they are also more likely than other age groups to have a pre-pay mobile. As illustrated below, consumers who have a pre-pay mobile remain less likely than contract customers to have switched supplier (9% vs 15%).

Figure 118: Switched mobile supplier in the last 12 months, by income and mobile payment type

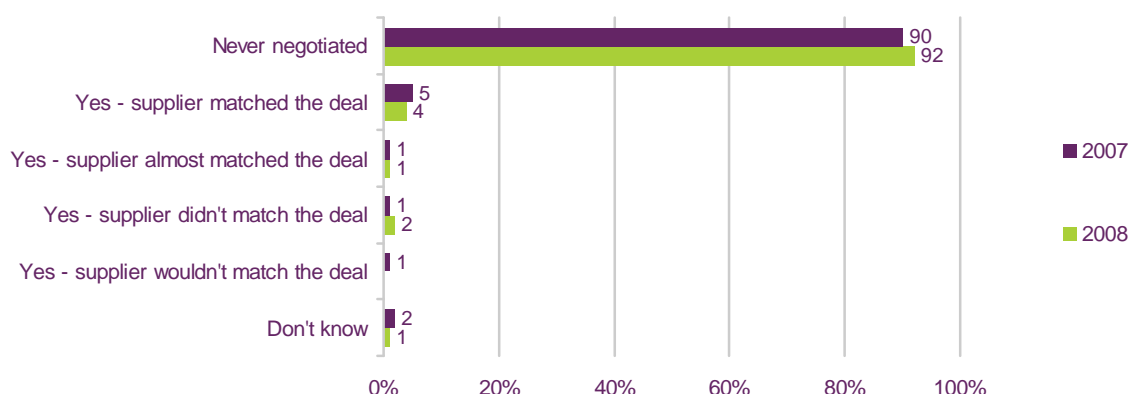


Base: All mobile phone decision makers (July, 2008, 1270). Comparable income data not available for 2007

Source: Ofcom decision making survey

6.2.7 Proportion of consumers who have ever negotiated with their mobile supplier

Figure 119: Ever negotiated with current supplier in the mobile market



Base: All mobile decision makers (July 2007, 1018) (July 2008, 1270)
 Source: Ofcom decision making survey

Negotiating in the mobile market appears to have dropped slightly; this may be another effect of the longer contract terms in this market. Negotiating behaviour is broadly similar to the fixed market in terms of the proportion who have negotiated (8%), and the proportion that were successful in their negotiations (4%).

Mobile number portability

Changes to mobile number portability processes

Number portability is a facility that makes it possible for consumers to retain their telephone number(s) when they change provider. In Ofcom's view, consumers should not only have the ability to retain their phone number (as they have had for many years), but should also be made aware of this facility, and should be able to obtain number portability easily, reliably and conveniently.

Effective from 31 March 2008, porting lead time (i.e. time taken for a number to be switched from one supplier to another supplier), was reduced from five working days in 2003 to two working days. The benefit of reducing the port lead time is that consumers are able to switch providers as quickly as possible. Longer port lead times may discourage consumers from switching providers, or potentially delay consumers from starting service with a new provider. on better terms

Key findings

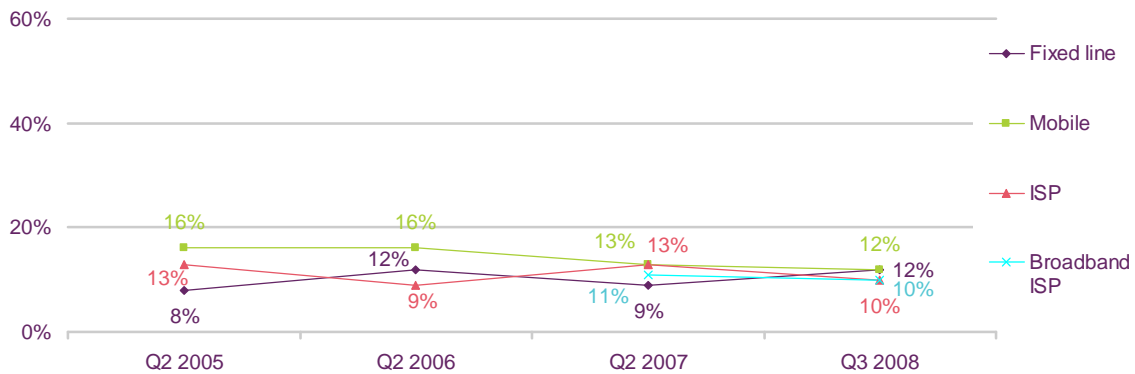
Ofcom has conducted three waves of mystery shopper exercises among mobile network providers and independent suppliers (2001, 2003, and 2008), to establish whether correct advice and information were given to consumers by service providers, in relation to their ability to switch network and keep their existing number.

In summary, it is encouraging to note that there has been significant improvement in the advice being given to consumers in relation to: their ability to port; who to contact; porting times and costs, but there is still room for further improvement. Almost six in ten (59%) were told the correct new port lead time of two working days – this means that four in ten were given incorrect advice, potentially discouraging them from switching network.

6.2.8 Switching internet service provider (ISP)

The chart below illustrates the level of switching in the internet market as a whole and within the broadband market. ISP switching figures include; consumers who switched dial-up provider; those who switched provider when moving from dial-up to broadband and those who have switched broadband provider. Broadband ISP switching figures illustrate switching within the broadband market only.

Figure 120: Switching in the internet market in the past 12 months

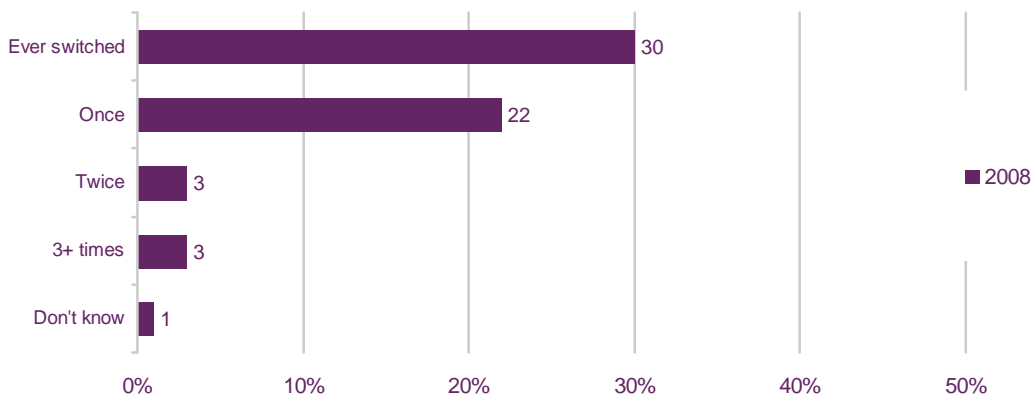


Base: All broadband decision makers (460)
 Source: Ofcom communications tracking (2005-2006 and 2007-2008 for ISP) / Ofcom's decision-making survey (2007-2008)

Recent switching (in the last 12 months) in the internet market as a whole stands at 10%, broadly comparable with the telecoms markets but representing a fall from 13% last year. Broadband customers represent 94% of the internet market, so it is unsurprising that recent switching levels among broadband customers (10%) are at the same level as switching in the internet market as a whole.

The following analysis focuses on switching within the broadband market.

Figure 121: Number of times switched broadband ISP

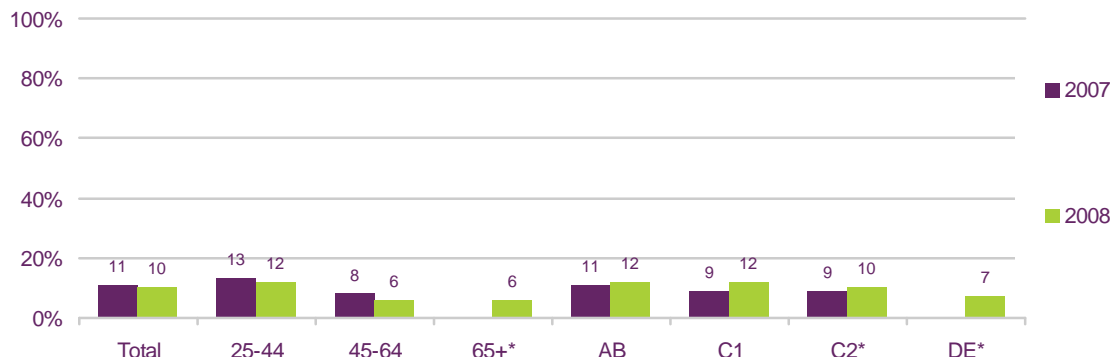


Base: All broadband decision makers (460)
 Source: Ofcom communications tracking/decision making survey, July 2008

To maintain comparability with data collected for each of the other communications markets, Ofcom now tracks the frequency with which consumers are switching broadband supplier. Just under a third (30%) of broadband decision-makers said they had ever switched supplier; a fifth (22%) had only switched once and 6% had switched twice or more. These figures are consistent with the fixed-line and mobile markets.

6.2.9 Consumers who have switched household broadband ISP in the last 12 months – demographic profile

Figure 122: Switched broadband ISP in household in last 12 months, by age and socio-economic group

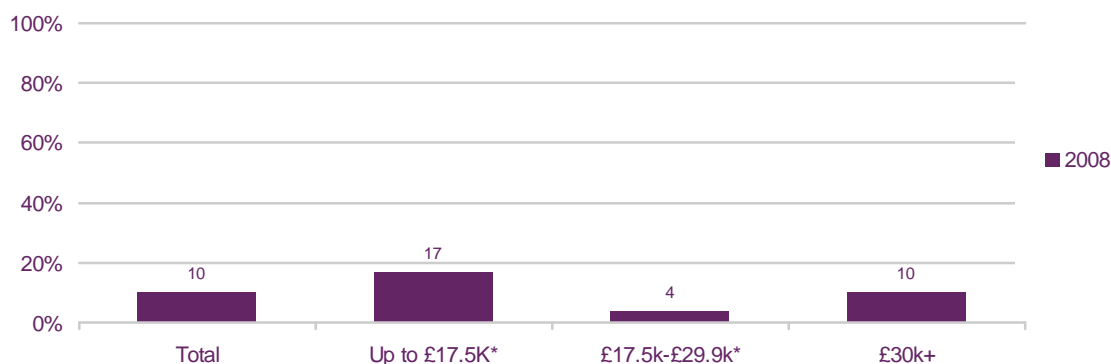


* Small base size; treat as indicative only

Base: All broadband decision makers (July 2007, 403) (July 2008, 460) Where data is not shown for under 25s, DE and 65+ base sizes were too small to analyse.

Source: Ofcom decision-making survey

Figure 123 Switched broadband ISP in household in last 12 months, by income



* Small base size; treat as indicative only

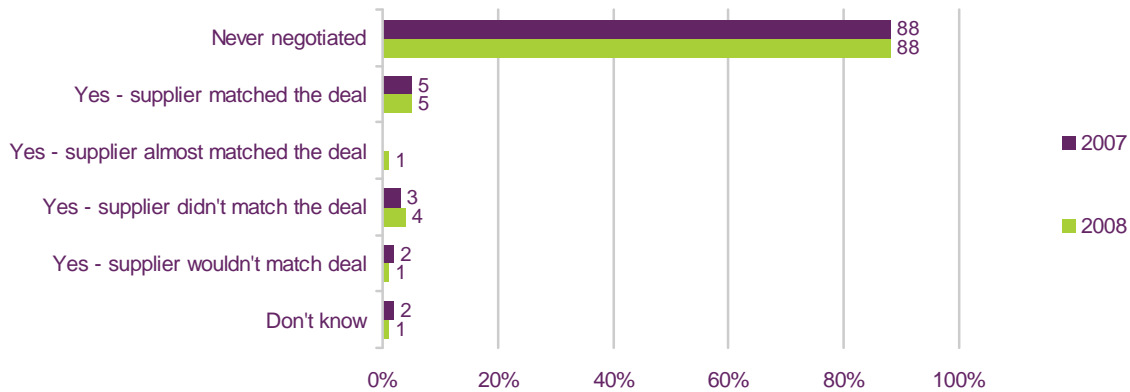
Base: All broadband decision makers (460). Comparable data for income not available in 2007

Source: Ofcom decision-making survey, July 2008

Recent switching behaviour has been driven by 25-44 year olds and ABC1s. There are indications that those with an annual household income of up to £17.5K are also more likely to have switched broadband supplier in the last 12 months than are other income groups.

6.2.10 Proportion of consumers who have ever negotiated with their broadband supplier

Figure 124: Ever negotiated with current supplier in the broadband market



Base: All broadband decision makers (July 2007, 403) (July 2008, 460)
 Source: Ofcom decision-making survey

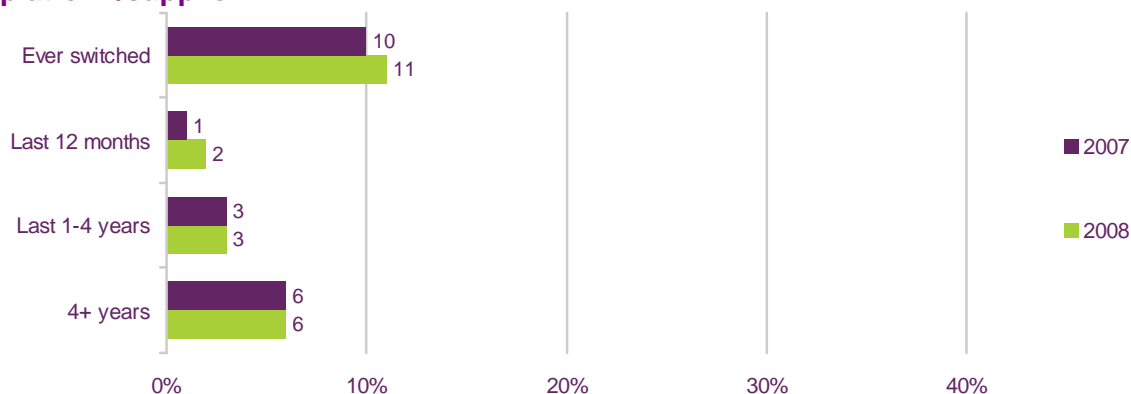
A higher proportion of broadband decision-makers said they have actively negotiated with their supplier, compared to the fixed-line or mobile decision makers. Ten per cent had negotiated and half of these had been successful – no significant change since last year, suggesting that this is not yet something other consumers in this market are attempting.

6.2.11 Switching multichannel TV supplier

Switching in the multichannel TV market is different from switching in other communications markets, because consumers are not tied to a provider for some services - services such as Freeview allow consumers to purchase equipment for a one-off payment without being tied to a supplier. If consumers then decide to use an alternative platform/supplier for their TV services they are free to do so without cancelling their existing service.

The following chart illustrates the total proportion of consumers who have ever used an alternative multichannel TV platform for their main TV set. The data includes switching between Freeview-type services and other multichannel or pay-TV services, and is therefore not directly comparable with data shown in figure 125 below, which illustrates switching behaviour specifically within the pay-TV market.

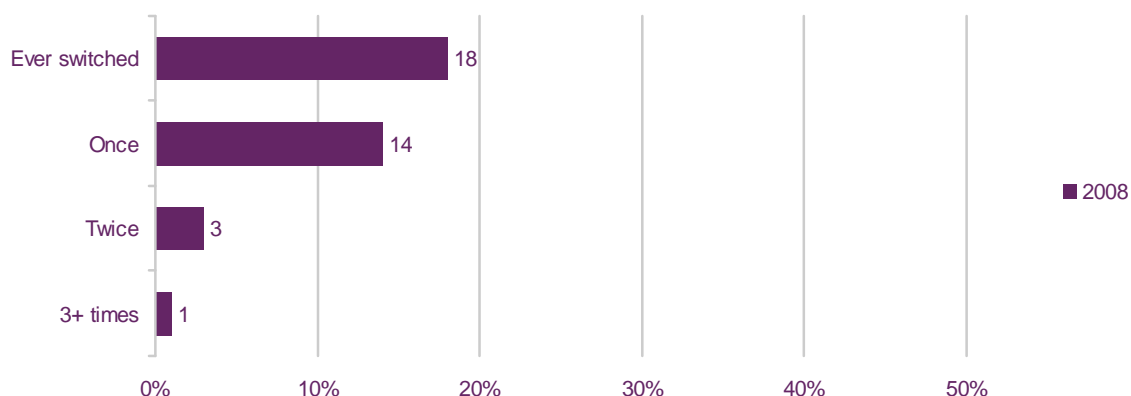
Figure 125: Proportion of consumers that have ever switched main TV platform/supplier



Base: All multichannel TV decision-makers (July 2007, 88) (July 2008, 896)
 Figures from 2007 re-stated to remove those who had only previously used analogue terrestrial only
 Source: Ofcom decision-making survey

Switching provider or platform in the multichannel TV market has remained broadly unchanged at 11%, with the majority saying they switched provider more than four years ago.

Figure 126: Number of times switched main pay-TV supplier



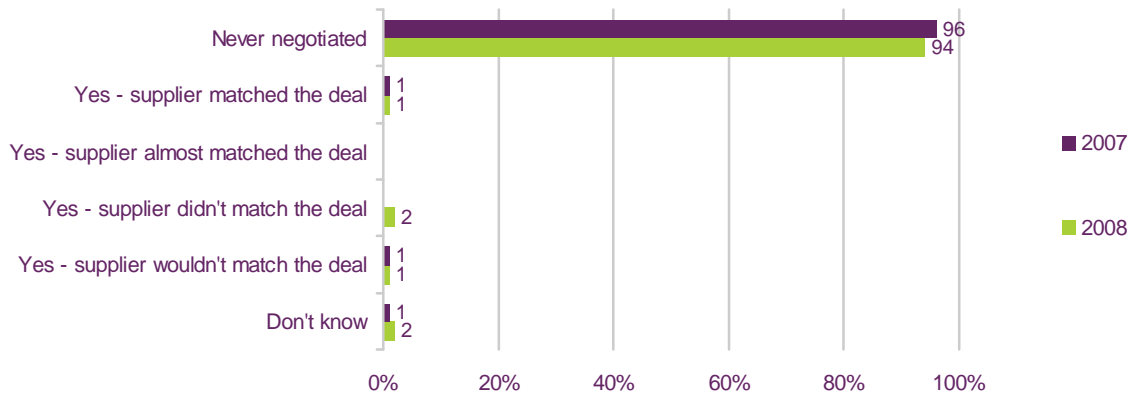
Base: All Pay-TV decision-makers (483)
 Source: Ofcom decision making survey, July 2008

Eighteen per cent of households have switched provider for their main pay-TV service. Most of these have only switched once (14%) while the remainder have switched supplier two or more times while living at the same address.

There were few significant demographic differences in recent switching (last 12 months) in the multichannel TV market. Consumers in the C2 socio-economic group and those with an annual household income of £17.5-£29.K were the most likely to have switched in the last 12 months (4% each).

6.2.12 Proportion of consumers who have ever negotiated with their multichannel TV supplier

Figure 127: Ever negotiated with current main supplier in the pay-TV market



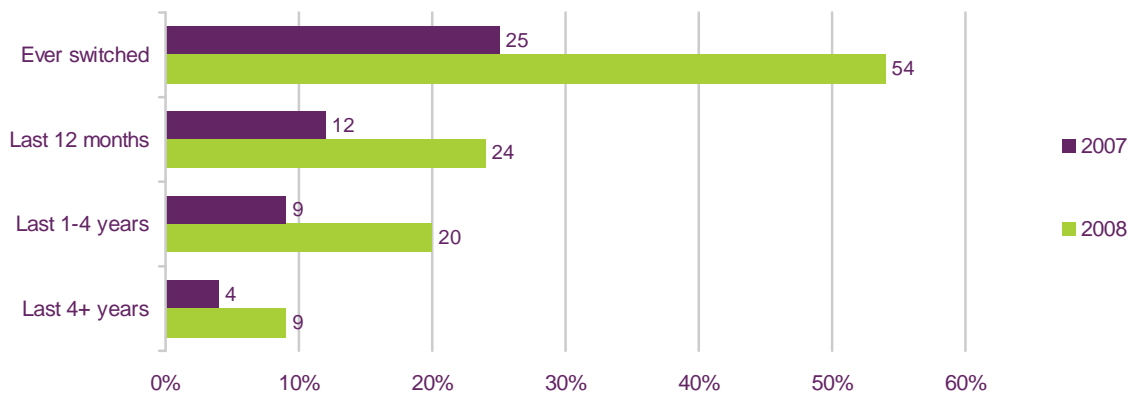
Base: All Pay-TV decision makers (July 2007, 476) (July 2008, 483)
 Source: Ofcom decision making survey

Few (4%) consumers, in comparison to other communications markets, have ever asked their multichannel TV supplier to match a deal – 1% said they were successful.

6.2.13 Switching bundled services supplier

The following data on switching in the bundled market includes consumers who have added services to their bundle or moved one or more services from a bundle to another supplier. Using this definition, switching has increased significantly since last year – up from 25% to 54%.

Figure 128: Proportion of consumers that have ever switched supplier for some or all of their bundled services



Base: All bundled services decision -makers (July 2007, 384) (July 2008, 534)
 Source: Ofcom decision making survey

Most of this movement is due to consumers adding a service to their bundle, which is consistent with the increase in triple-play packages since last year (Figure 61 in Consumer Access).

A small proportion (5%) have ever changed the supplier of their entire bundled package – broadly similar to last year (4%).

There has been no growth in the bundled market since 2007 – 40% of consumers currently purchase a ‘simple’³⁹ bundle of communications services. However, there has been significant growth in the proportion purchasing triple-play bundles. This is likely to have driven the higher level of switching behaviour but may have a negative impact on future switching in this market

Additional qualitative insights among consumers who purchase bundles

Ofcom conducted some qualitative research among consumers in the bundled markets who were open to the idea of switching supplier. The following summarises the research into the attitudes and switching behaviour of bundlers of communications services.

Bundles were valued highly among bundlers – unless something goes wrong

Attractive prices and ease of management were the aspects of bundles that consumers valued most highly and which attracted them to this method of purchasing – generally, the more services in the bundle, the higher the value.

Consumers in the sample were largely looking to switch their services as a bundle rather than to unbundle and revert to using individual suppliers for each service.

Perceptions that switching is difficult may influence behaviour

There was some evidence to suggest that bundlers’ perceptions of the switching process were a barrier to switching – but not exclusively and in varying degrees, depending on: the reasons for switching; the consumer; and the services in the bundle.

- Generally, consumers with ongoing service issues would consider switching regardless of the process, whereas those just wanting a better deal may be more affected by their perception of the process.
- The majority of consumers appeared to be largely unaware of what might be involved in the switching process and fell into two groups in terms of their perceptions of the process: those who were resistant to change, expected problems and would only consider switching if their services did not work; and those who thought the process was relatively straightforward and would consider switching just to get a better deal.

Larger bundles were valued more highly – indicating greater reluctance to switch

The research implied that that the more services that were bundled, the less interest in switching – triple-play customers were largely averse to switching because there were few alternative suppliers for their entire bundle and they were happy with their package. There were a number of different influences on whether a consumer of bundled services would consider switching. There were indications that the largest potential barrier to future switching was that the more services were bundled together, the higher the value the consumer placed on the bundle. This led to a lower inclination to switch and perceptions of an increasingly complex switching process, particularly if there was a need to unbundle.

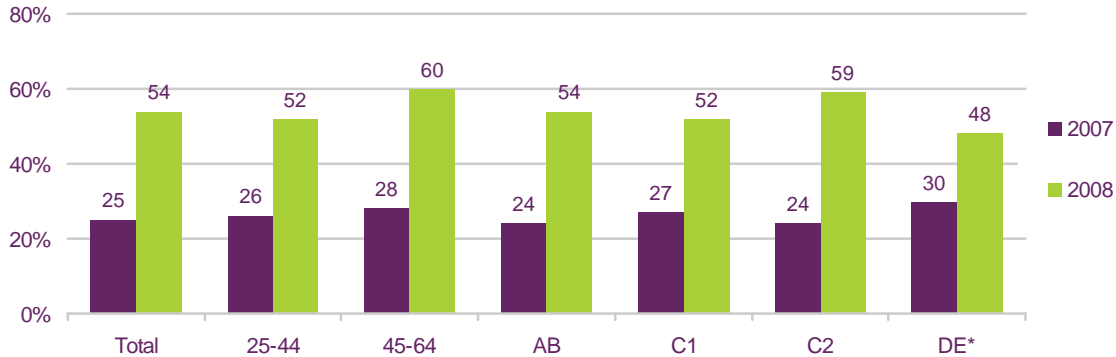
6.2.14 Demographic profile of consumers who have switched bundled services supplier in the last 12 months

Given that switching in the bundled services market has more than doubled in the last year, it is interesting to note that there is no one particular demographic driving this behaviour.

³⁹ Two services from a single supplier, this may or may not include a discount

Switching at least part of a bundled package was more common among the 45-64 age group (60%) and the C2 socio-economic group (59%).

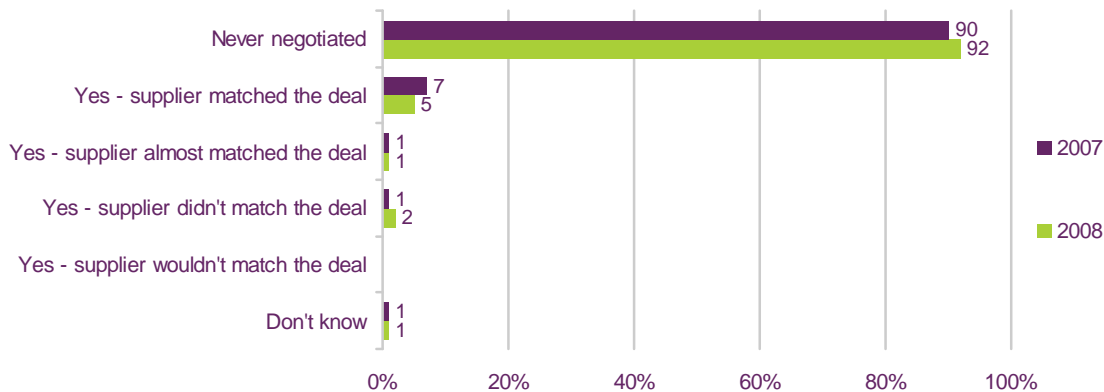
Figure 129: Switched bundled communications services supplier in last 12 months, by age and socio-economic group



* Small base size; treat as indicative only
 Base: All bundled services decision-makers (July 2007, 384) (July 2008, 534). Base size for 16-25 year olds too small to analyse.
 Source: Ofcom decision-making survey

6.2.15 Proportion of consumers who have ever negotiated with their bundled communications services supplier

Figure 130: Ever negotiated with current bundled communications services supplier

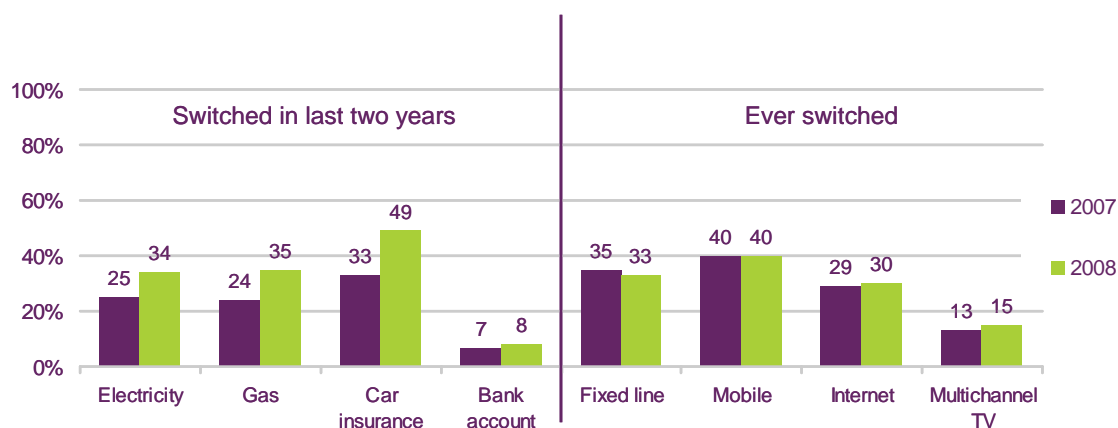


Base: All bundled services decision makers (July 2007, 384) (July 2008, 534)
 Source: Ofcom decision making survey

Negotiating in the bundled services market was broadly similar to the telecoms markets. Eight per cent of bundled purchasers had tried to negotiate with their current supplier, and in most cases (5%) they were successful.

6.2.16 Comparisons with switching levels in other markets

Figure 131: Switching in the past two years across communications and utilities



Base: All adults with fixed line (2007, 1329) (2008, 941) mobile (2007, 1273) (2008, 1270) internet (2007, 917) (2008, 460) multichannel TV (2007, 800) (2008, 896), electricity (2007, 1479) (2008, 1309), gas (2007, 1575) (2008, 1125), car insurance (2007, 1479) (2008, 1107), bank account (2007, 1400) (2008, 1418)
 Source: Ofcom decision-making survey

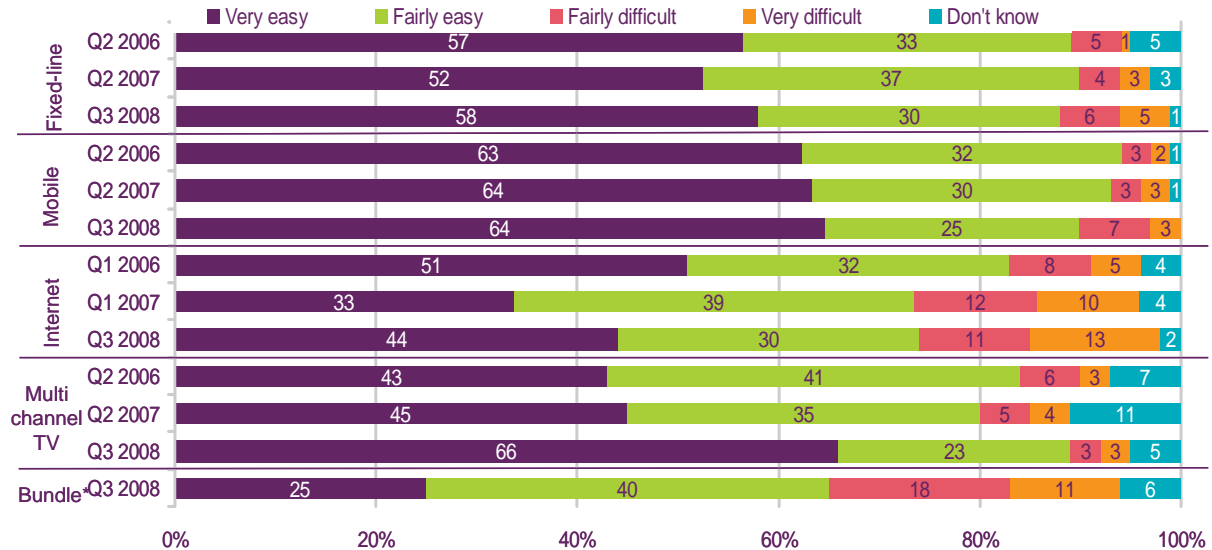
Consumers were asked whether they had switched certain utilities in the last two years. Of the utilities asked about, switching was most likely to have occurred with car insurance, followed by electricity and gas. Levels of switching in these markets have increased significantly since last year.

6.3 Consumer empowerment metric 3: ease of switching in the communications markets

For consumers to take advantage of the increasing competition in the communications markets and for communications markets to work effectively, consumers must be able to switch with comparative ease, if they choose to do so.

6.3.1 Opinion of ease of switching in the communications market, among those who have switched

Figure 132: Consumer opinion of ease of switching supplier, among those who have ever switched



Base: All adults who have ever switched⁴⁰

* bundle includes those who have ever switched any element of their bundle, but the question relates to switching entire bundle
Internet data for 2008 is based on broadband customers only

Source: Ofcom communications tracking survey (2006-2007)/ Ofcom's decision-making survey (2008)

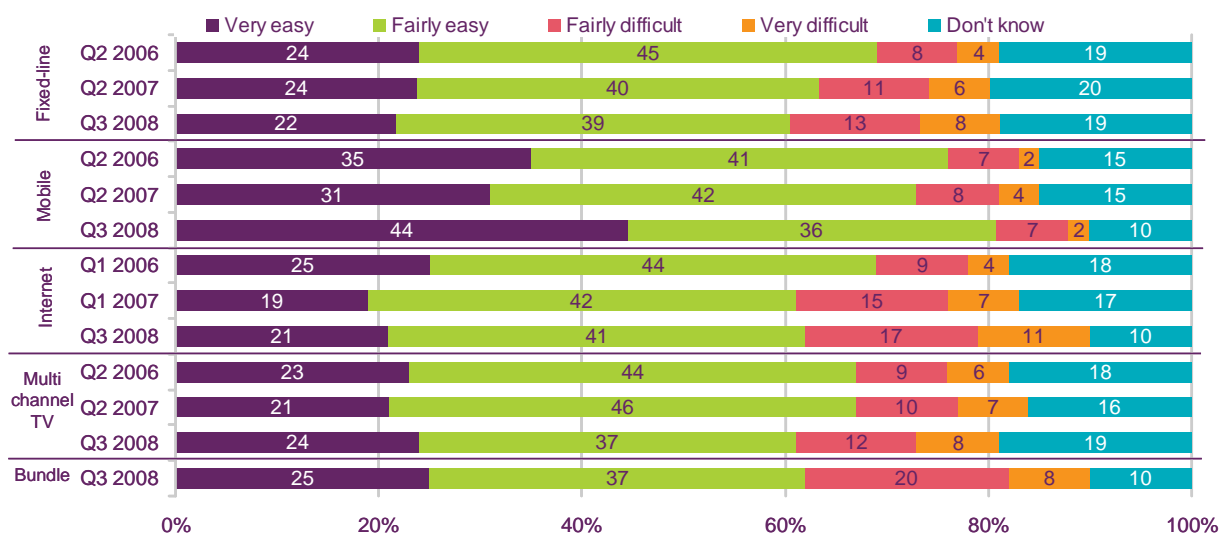
The majority of consumers who have switched in the past said they considered it to be 'very' or 'fairly' easy to do so in each of the communications markets. There has been little change in consumer opinion this year compared to last year. The only notable change has been a rise in the proportion saying it was easy to switch multi-channel TV provider.

There has been a sustained fall in the proportion of broadband switchers who said the process was easy. However, more switchers said the process was 'very easy' (44%) compared to last year (33%).

⁴⁰ fixed-line supplier (2006, 748) (2007, 463) (2008, 323), mobile supplier (2006, 747) (2007, 526) (2008, 490), internet supplier/broadband from 2008 (2006, 284) (2007, 259) (2008, 144), TV supplier (2006, 281) (2007, 213) (2008, 128) Bundle (2008, 291)

6.3.2 Perceived opinion on ease of switching in the communications market, among those who have never switched

Figure 133: Perceived consumer opinion of ease of switching supplier, among those who have never switched



Base: All adults who have never switched⁴¹

* bundle question relates to switching entire bundle

Internet data for 2008 is based on broadband customers only

Source: Ofcom communications tracking survey (2006-2007)/ Ofcom's Decision making survey (2008)

The majority of consumers who have never switched believe that it will be 'very' or 'fairly' easy to change supplier, although this remains lower than among those who have switched in the past.

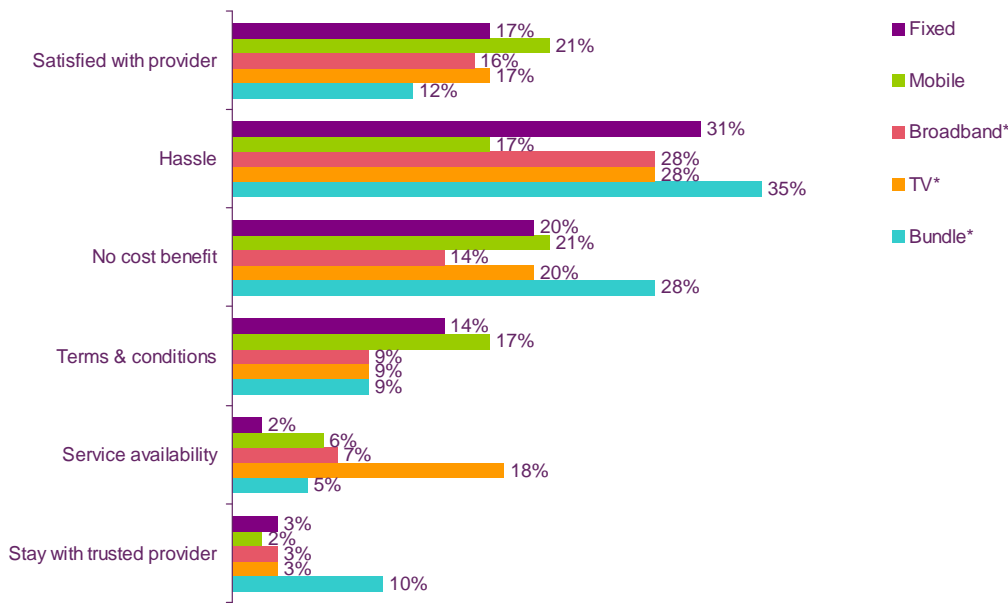
Despite the majority believing that it is easy to switch, the key changes in perception since last year are: a continued increase in the perceived difficulty of switching fixed-line suppliers and broadband ISPs; and an improvement in the perception of switching in the mobile market.

6.3.3 Barriers to switching supplier

There are many reasons why consumers say they have not switched supplier – the main ones are outlined below. While there appears to have been some change in the reasons for not switching, none of these changes are significant.

⁴¹ fixed-line supplier (2006, 1419) (2007, 827) (2008, 618) , mobile supplier (2006, 1195) (2007, 763) (2008, 780), internet supplier (2006, 991) (2007, 646), (2008, 312), TV supplier (2006, 1474) (2007, 1014) (2008, 768), Bundle (2008, 243)

Figure 134: Reasons for considering switching supplier, but not switching



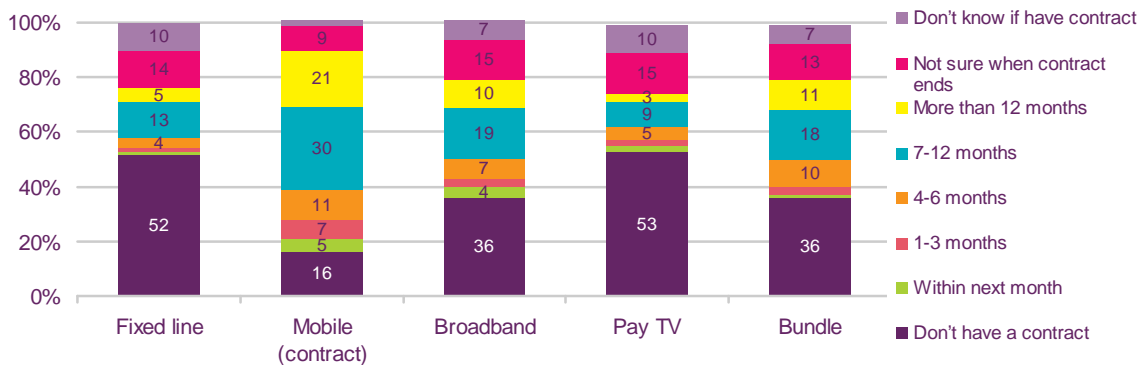
Base: All decision-makers in each market who considered switching but did not switch (Fixed, 94) (Mobile, 171) (Broadband, 77) Multichannel TV, 59) (Bundled services, 57)
 * small sample size; treat as indicative only
 Source: Ofcom decision-making survey (2008)

One barrier to switching supplier, mentioned by at least one in ten consumers who had considered switching in each market but did not do so, was ‘terms and conditions’ or being tied into a contract. Consumers wishing to switch supplier in any communications market mid-contract are likely to be charged. The amount will vary according to the market and the supplier, but these charges may affect consumers’ decision to switch.

These charges account for at least some of the complaints that Ofcom receives about additional charges – see Figure 150 in Consumer Protection section.

The chart below illustrates the proportions of consumers who are aware of their contract and its length.

Figure 135: Length of time remaining on current contract for each communications market



Base: All decision-makers in each market, fixed line (941), mobile contract (635), broadband (460), pay-TV (483), bundle (534)
 Source: Ofcom decision-making survey (2008)

Half of the consumers in the fixed-line market said they did not have a contract with their supplier and therefore assumed that they would be able to switch supplier at any time without incurring additional charges. Findings were broadly similar in the pay-TV market.

In the mobile market 16% of contract customers said they were not tied into a contract with their supplier. A fifth, however, said their contract did not run out for more than 12 months.

Responses within the broadband and bundled markets were broadly similar, with just over a third saying they were not tied into a contract.

6.4 Consumer empowerment metric 4: awareness of trusted information sources

Ofcom is currently reviewing its approach to the provision of quality of service information to consumers. As part of this review, Ofcom conducted research into consumer demand for quality of service information, in terms of the types of measures consumers would use and their preferred sources of information. The full report from this research will be separately later this year.

Consequently, this report does not include research results on the ease of making quality of service comparisons, as previously reported, and this section will be re-assessed next year in the light of the findings from the recent research.

However, qualitative findings suggest that consumers consider both service reliability and customer service as 'quality of service' issues.

6.4.1 Awareness of trusted information

Respondents were asked whether they could spontaneously name any information sources if they wanted to find out about:

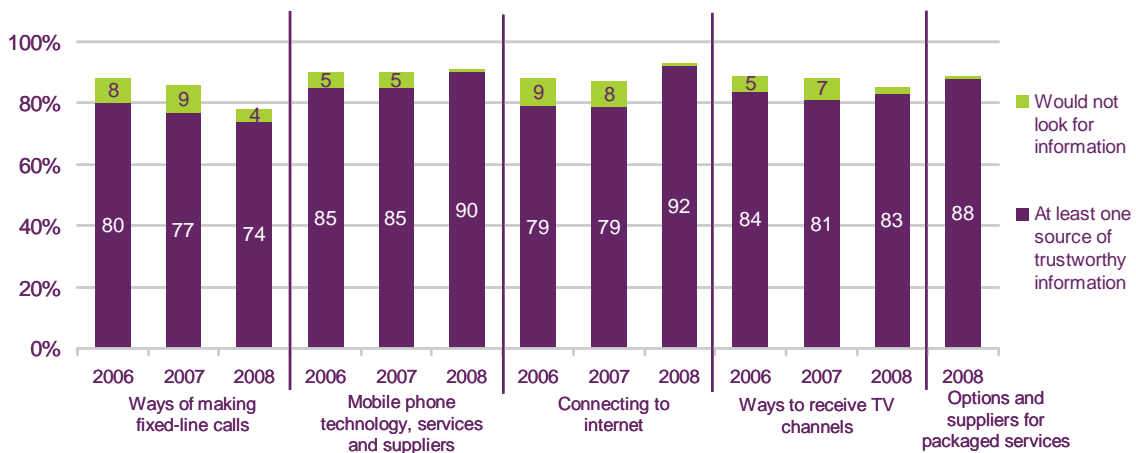
- different options, and suppliers, for making fixed-line calls
- developments in mobile phone technology, services and suppliers
- ways of connecting to the internet; and
- ways to receive TV channels.

Awareness of at least one trusted source of information in the fixed-line market has fallen to 74%, alongside indications of an increasing demand for information. The proportion who said they would not look for information fell from 9% to 4%.

The majority of consumers in each of the mobile, internet and bundled markets could name at least one trusted source of information that they would use to explore communications markets. This represents significant growth in each market.

Broadly, similar proportions were aware of multiple sources across each market. In the internet market 18% were aware of multiple sources, as were 15% of mobile customers, 14% of fixed-line customers, 16% of multichannel TV customers and 15% of bundled purchasers.

Figure 136: Awareness of at least one trusted information source

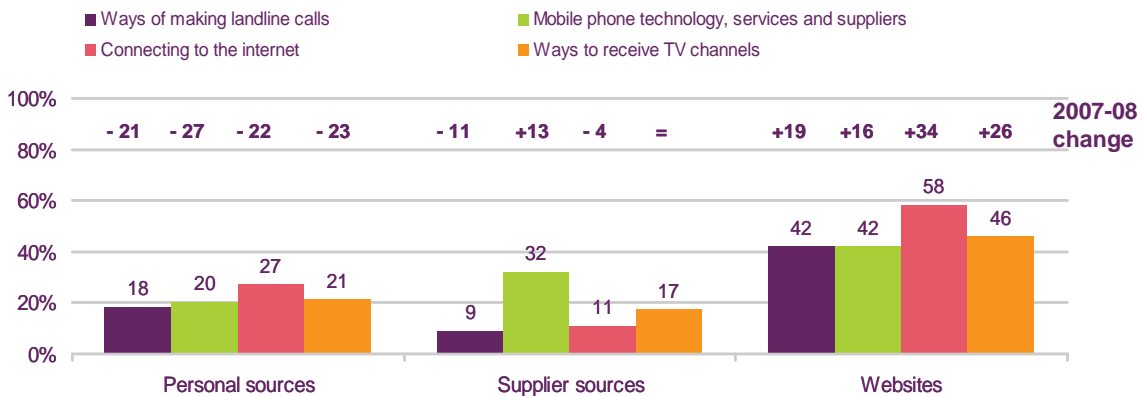


Base: UK adults (Q1 2006, 1505) (Q1 2007, 2311), fixed-line decision makers (July 2008, 941) mobile decision-makers (July 2008, 1270) broadband decision makers (July 2008, 460) multichannel TV decision makers (July 2008, 896) bundled services decision makers (July 2008, 534)
 Source: Ofcom's communications tracking/decision-making survey

6.4.2 Types of trusted sources of information

The chart below indicates consumers' current mentioned sources of information and how these have changed since last year. There have been significant shifts in the sources of trusted information that consumers mentioned this year, across all the communications markets.

Figure 137: Trend in (unprompted) sources of trusted information



Base: Fixed-line decision makers (941) mobile decision makers (1270) broadband decision makers (460) multichannel TV decision makers (896)
 Source: Ofcom decision making survey (July 2008)

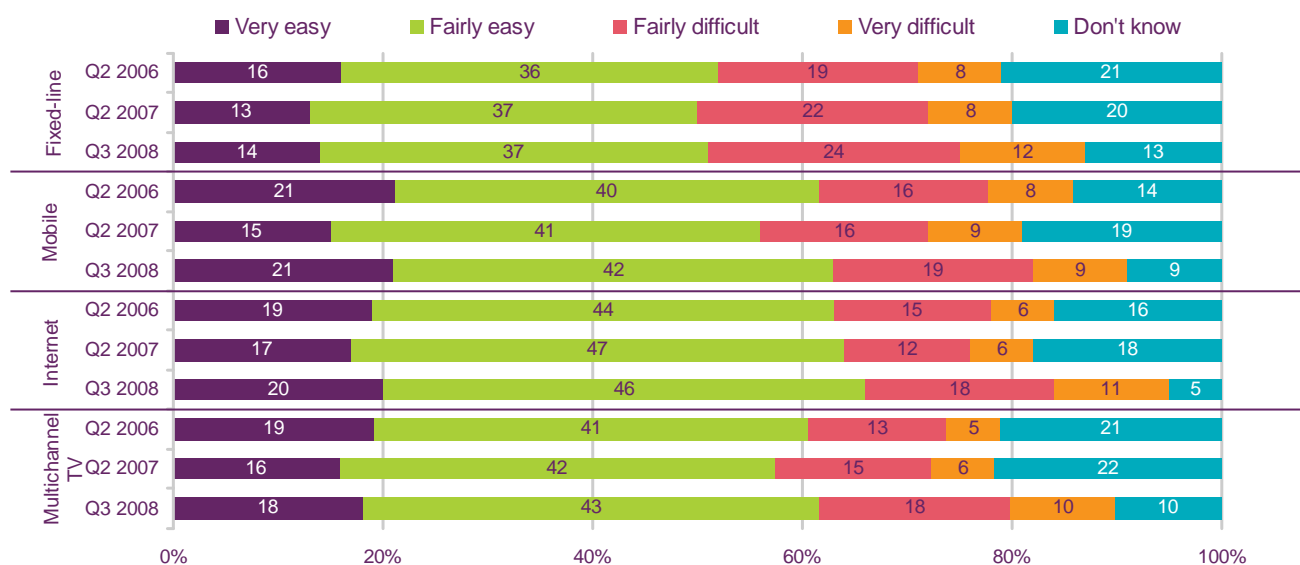
The internet, as a trusted source of information about all communications services, has increased significantly (34 percentage points) since last year, particularly for information relating to the internet. This is now the most-mentioned source for all services.

Consumers appear to be relying less on personal sources for their information requirements, compared to last year. In 2008 suppliers, rather than personal sources, were mentioned by significantly more consumers as a trusted source of information about mobile services (32% vs 20% respectively).

6.5 Consumer empowerment metric 5: ease of making cost comparisons between suppliers

It is important to understand consumers' experience, and their perceptions of the difficulty of making cost comparisons between suppliers, in order to address one potential barrier to switching, and to enable consumers to obtain a better deal.

Figure 138: Consumers' opinions on the ease of making cost comparisons



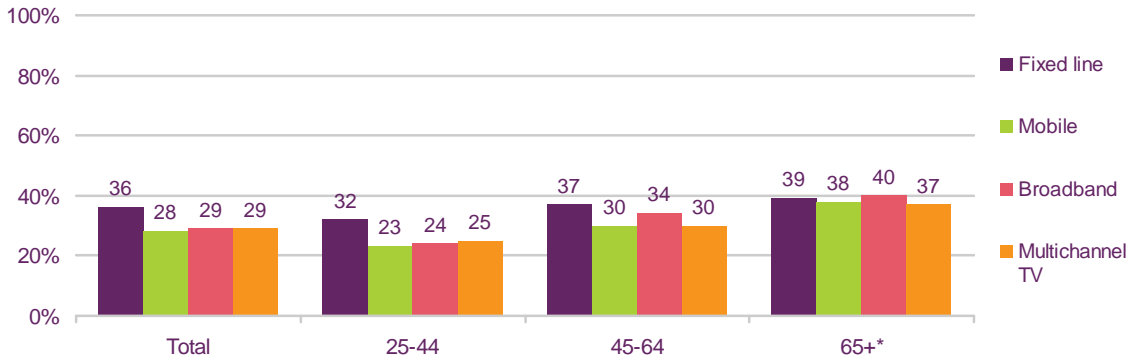
Base: All adults with fixed line (2006, 2234) (2007, 1350) (2008, 941) mobile (2006, 1883) (2007, 1273) (2008, 1270) internet (2006, 1479) (2007, 917) (2008, 460) multichannel TV (2006, 1784) (2007, 1226) (2008, 896)
 Internet data for 2008 is based on broadband customers only
 Source: Ofcom communications tracking/decision-making survey

Consumer opinion appears to be polarised on the perceived ease of making cost comparisons. Half of all fixed line consumers think it is easy to make cost comparisons, while half think it is difficult or don't know. These findings are broadly similar to last year.

Among mobile, internet and multichannel TV consumers, over half believe it is easy to make cost comparisons, but around one in five believe it is difficult or don't know.

6.5.1 Demographic profile of those who find it difficult to make cost comparisons

Figure 139: Age profile of those who find it difficult to make cost comparisons



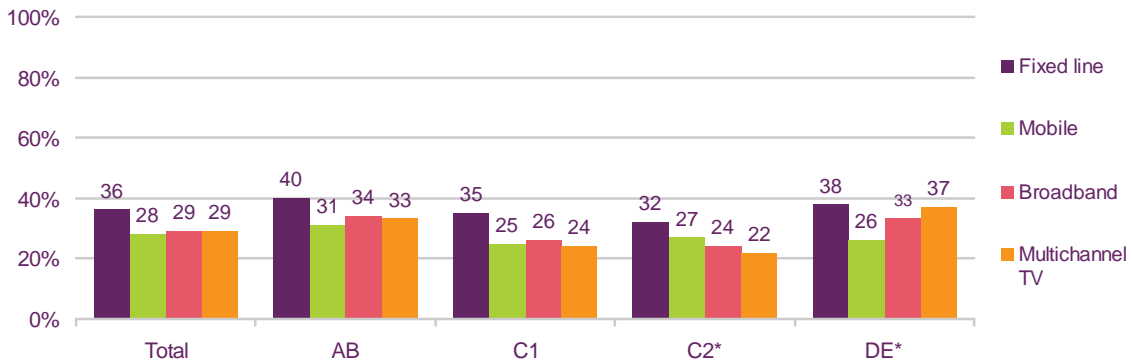
* Small base size; treat as indicative only

Base: Fixed-line decision makers (941) mobile decision makers (1270) broadband decision makers (460) multichannel TV decision makers (896). Base size for 16-25 year olds and 75+ too small to analyse.

Source: Ofcom decision-making survey July 2008

Consumers are more likely to say that it is difficult to make cost comparisons in the fixed-line market than in other communications markets. There are indications that older consumers (65+) in each market believe that making cost comparisons is difficult, compared to other age groups.

Figure 140: Socio-economic profile of those who find it difficult to make cost comparisons



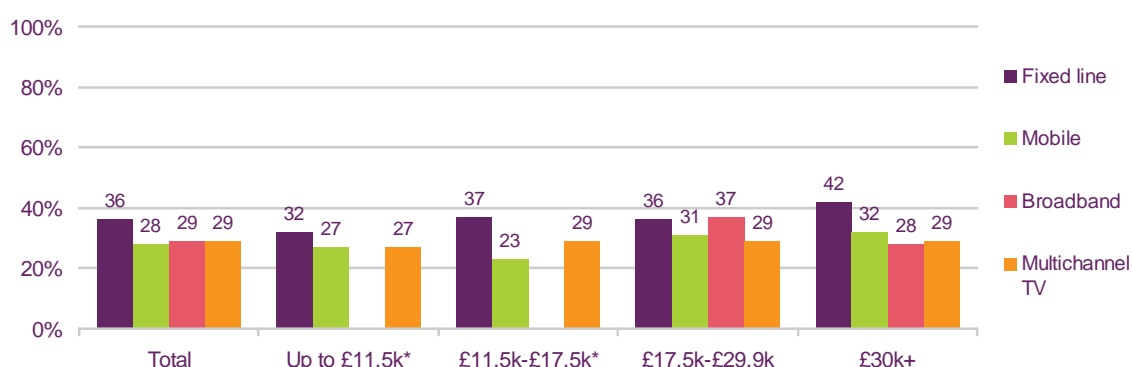
* Small base size for internet so treat as indicative only

Base: Fixed-line decision-makers (941) mobile decision-makers (1270) broadband decision-makers (460) multichannel TV decision-makers (896)

Source: Ofcom decision-making survey July 2008

Consumers in the AB and DE socio-economic groups are more likely to think it is difficult to make cost comparisons in the fixed-line, internet and multichannel TV markets. Perceptions of the difficulty of making mobile cost comparisons were highest among ABs.

Figure 141: Income profile of those who find it difficult to make cost comparisons

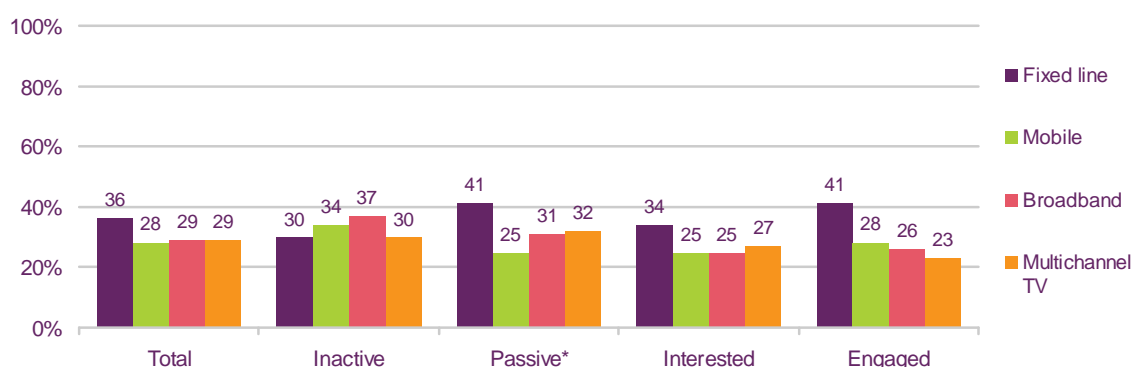


* Small base size; treat as indicative only

Base: Fixed-line decision-makers (941) mobile decision-makers (1270) broadband decision-makers (460) multichannel TV decision-makers (896). Base size for some demographics in internet market too low to analyse
Source: Ofcom decision-making survey July 2008

Consumers earning £30K+ were more likely than others to state that making cost comparisons in the fixed-line market was difficult.

Figure 142: Participation profile of those who find it difficult to make cost comparisons



* Small base size for broadband customers, treat as indicative only

Base: Fixed-line decision-makers (941) mobile decision-makers (1270) broadband decision-makers (460) multichannel TV decision-makers (896).
Source: Ofcom decision-making survey July 2008

There were few differences in consumers' perceptions of the ease of making cost comparisons, by the extent to which they participate in the communications markets. The most notable difference was the higher than average perception of difficulty in comparing costs in the fixed market, among the most 'engaged' consumers. This may be linked to the higher awareness of multiple suppliers among 'engaged' consumers in this market – leading to perceptions of increased difficulty making comparisons.

6.6 Additional insights among minority groups

The following section provides some additional insights into some minority groups' concerns or complaints in relation to the communications market.

The minority groups discussed below are: people with a visual impairment and people with a learning disability.

6.6.1 People with a visual impairment

Switching supplier

- Most of the respondents felt confident in changing mobile supplier. However, one barrier to switching handset and/or network was incomplete knowledge and low awareness of specialist software among suppliers' staff. In addition, the relatively high cost of the software required by some people with a visual impairment to enable them to access mobile telephones was also a barrier to ownership.
- For those who used talking software, the choice of mobile handset was limited and so, therefore, was their choice of network, as not all handsets are compatible. While some handsets could be adjusted to suit colour and text preferences, to help visually impaired consumers, others did not offer this functionality, which further limited consumers' choice in the mobile market.
- Most respondents were aware of numerous alternative internet service providers and also of the various software options to assist users with visual impairments. Most felt confident to change supplier, although the research did not include anyone who had.

Sources of information

- Word of mouth tended to be the main source of information among most consumers with a visual impairment. There were indications that this was an even more important among those who had limited interactions with other visually impaired people.
- There was uncertainty about the existence of chains of communication; some were unsure whether they should wait for people to approach them or if they needed to seek out the information.
- Some found it hard to come to terms with their impairment (particularly if acquired) and were consequently reluctant to actively seek information as this would mean admitting their impairment.

6.6.2 People with a learning disability

Choice of supplier/switching

- Decisions relating to supplier choice tended to be made by other people – support networks/friends and family.
- There were indications that the network was chosen on the basis of whom the respondent would be calling most – i.e. selecting the same network that other family members were using. This was due to a general perception that it was cheaper to make calls to the same network.

Section 7

Consumer protection and concerns

Introduction

This section reports on the types of complaints that consumers are making to Ofcom, as well as the types of concerns that they have regarding the communications industry.

The findings are analysed across demographic groups to assess whether any specific groups of consumers are more likely to experience certain issues or are less aware of complaints procedures.

Consumer protection and concerns metrics

The key findings in this section are analysed by the following demographic groups: age, income and socio-economic group, to discover whether any specific consumer groups are more vulnerable than others. Sub-group differences are noted only when they are significantly different from the total sample.

The table below lists the consumer protection metrics. Ofcom has included an additional metric this year, which measures the proportion of consumers who say they have experienced any of a number of prompted issues in each of the communications markets over the last six months. These data will allow Ofcom to understand whether particular issues are being experienced more widely than the complaints data indicate.

The data presented are based on all adults/households in the UK. Ofcom will continue to track many of these metrics, although methodological changes may mean that comparisons over time are not always possible.

7.1	Consumer protection and concerns metric 1: Consumer complaints about communications services	109
7.1.1	Focus on mis-selling	112
7.1.2	Focus on silent calls.....	116
7.1.3	Focus on additional charges	116
7.1.4	Focus on broadband migration	117
7.1.5	Focus on premium rate services (PRS)	119
7.2	Consumer protection and concerns metric 2: personal experience of issues in each communications market.....	120
7.2.1	Experience of particular issues in the communications markets.....	120
7.3	Consumer protection and concerns metric 3: concerns about each communications market	125
7.3.1	Spontaneous concerns mentioned about each communications market.....	125
7.3.2	Concerns about fixed-line services (unprompted).....	126
7.3.3	Concerns about mobile phone services (unprompted)	127
7.3.4	Concerns about internet services (unprompted)	127

7.3.5 Concerns about television and radio services (unprompted) 128

7.4 Consumer protection and concerns metric 4: awareness and use of complaints procedures..... 129

7.4.1 Whether consumers have ever had cause to complain 129

7.4.2 Proportions of consumers who did not progress a complaint..... 130

7.5 Additional insights among minority groups 130

7.5.1 People with a visual impairment..... 130

7.5.2 People with a learning disability..... 131

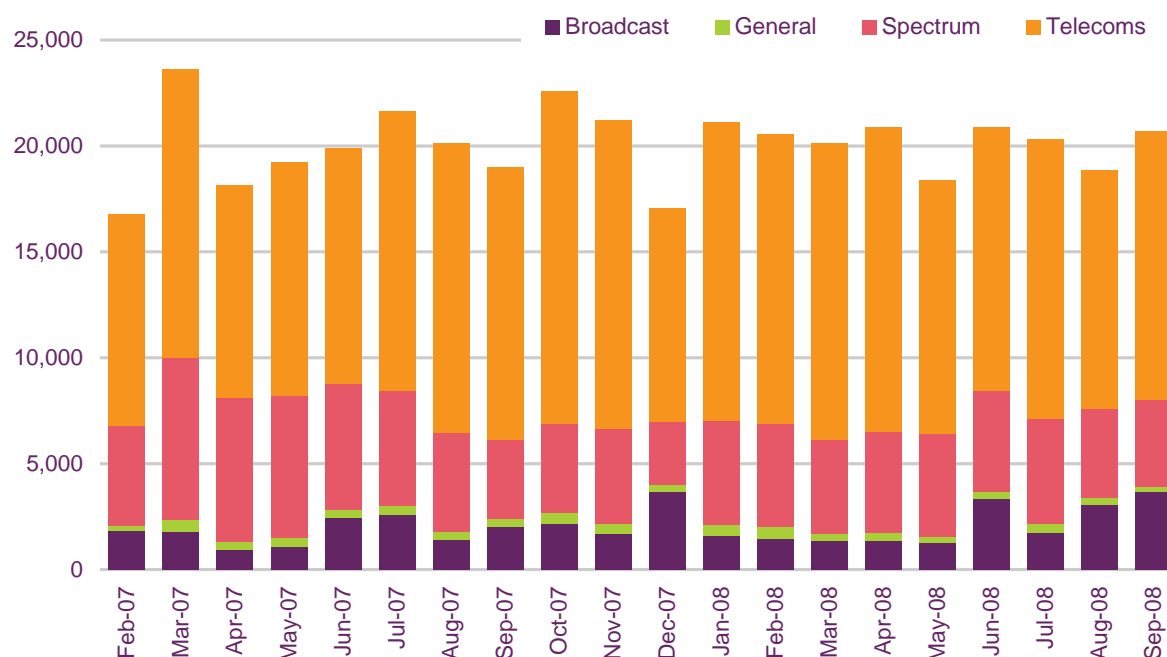
7.5.3 Ethnic minority groups..... 131

7.5.4 Consumer aged 75+..... 132

7.1 Consumer protection and concerns metric 1: Consumer complaints about communications services

Ofcom’s Advisory Team (OAT) offers a point of contact for consumers enquiring, or making complaints about, issues in the telecoms and broadcasting markets. Although Ofcom handles only a small share of the total number of complaints relating to communications services, these data give insight into the extent of certain issues.

Figure 143: Number of monthly complaints received by Ofcom, 2007-2008



Source: Ofcom, OAT data
 General = 'General Enquiries', these could relate to broadcast, spectrum or telecoms issues

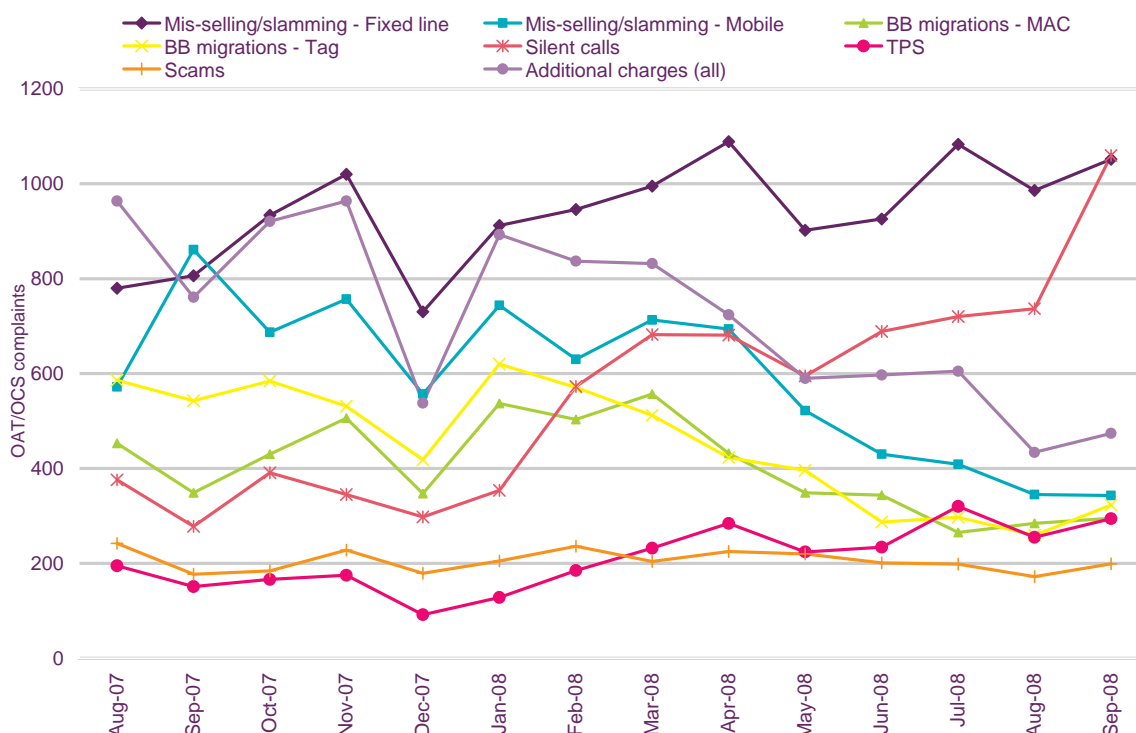
Following the peak of broadcasting complaints (driven by The X Factor) at the end of 2007, and the traditional 'Big Brother' peak in June 2008, the total number of complaints about

broadcasting issues made to Ofcom has remained at a higher than average level throughout August and September.

Telecoms complaint volumes fell in May 2008 but have since returned to levels comparable with the rest of 2008.

The following chart illustrates the number of complaints specifically relating to telecoms issues – including internet/broadband services.

Figure 144: Trend in complaints about telecoms issues received by OAT, over time⁴²



Source: Ofcom, OAT data

Mis-selling/slamming⁴³ in the fixed-line market continues to dominate the telecoms complaints, and with the exception of December 2007, volumes have increased over time.

Complaints about silent calls were at a relatively stable level between June 2007 and January 2008, with Ofcom receiving fewer than 400 calls relating to silent calls each month. However, there was a steady increase in the volume of complaints about silent calls between February and June 2008, and a sharp rise in complaints about silent calls between August and September - at which point this was the most complained-about telecoms issue, alongside mis-selling in the fixed-line market.

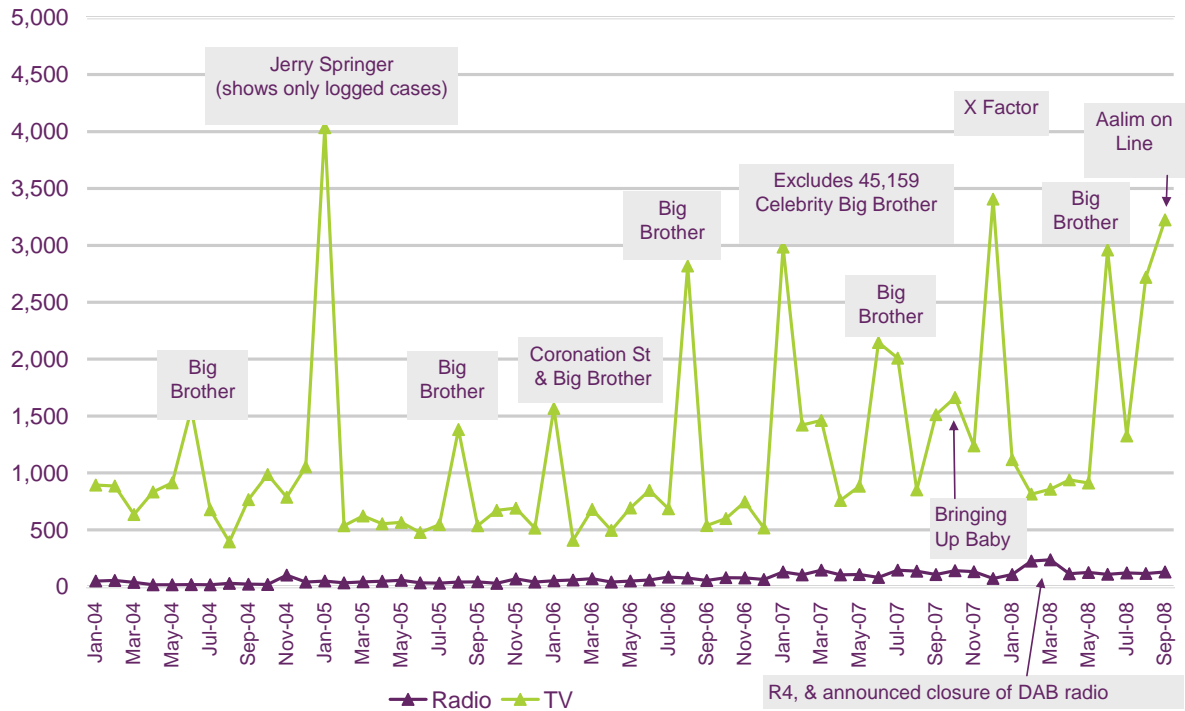
Complaints about additional charges continue to be one of the top three telecoms complaints. Volumes had been in decline since June 07 when they peaked at over 1200; they then levelled at around half this number, and have since continued to fall.

⁴² These issues account for over half of all telecoms complaints received by Ofcom – others not shown include ‘supplier customer relationship’

⁴³ The term mis-selling covers a range of sales and marketing activities that can work against the interests of both consumers and competition and can undermine confidence in the industry as a whole, see 7.1.1 for more details

Each of these issues, including mis-selling in the mobile market, is discussed in more detail later in this section.

Figure 145: Number of broadcasting complaints received by Ofcom, over time

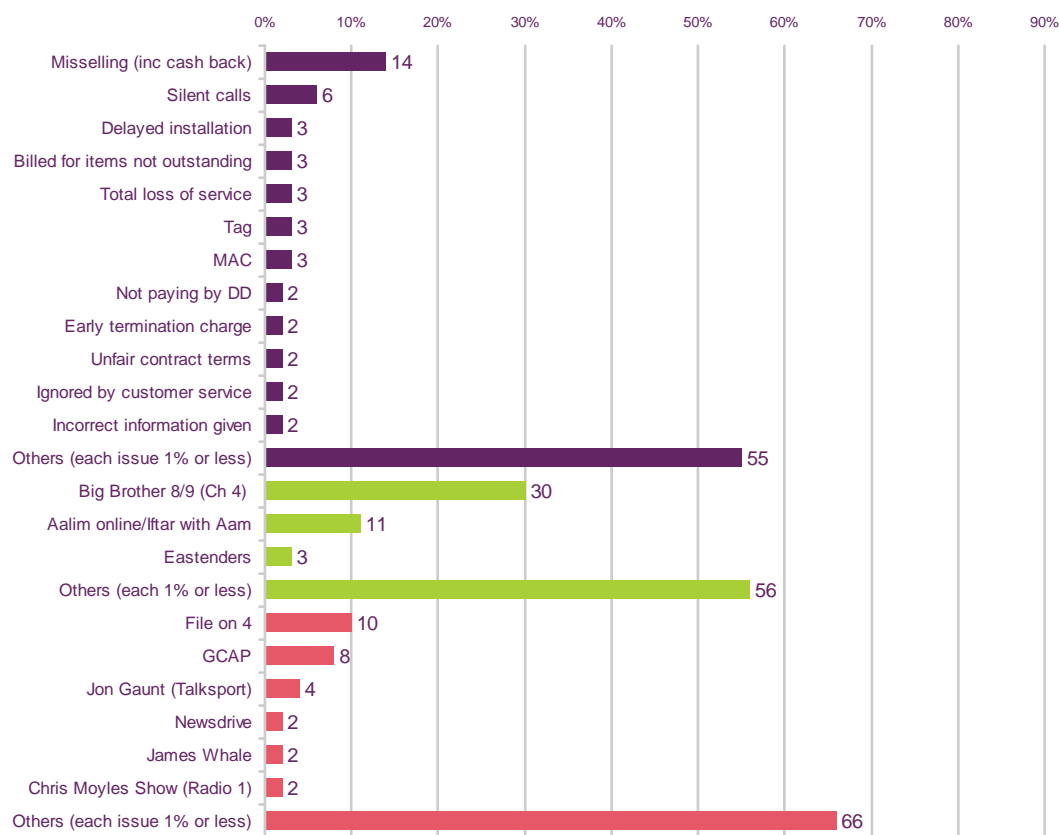


Source: Ofcom, OAT data

Broadcasting complaints continue to be dominated by complaints about content. Complaints about *Big Brother* have consistently driven broadcasting complaints. The latest peak in September was due to *Aalim on Line*, a Pakistani television show broadcast on Geo TV.

The chart below summarises the most complained-about issues in each market; the relatively high level of ‘other’ issues (each mentioned by less than 1% of consumers) highlights the vast range of issues that consumers have cause to complain about in the communications market.

Figure 146: Most-mentioned telecoms complaints to Ofcom



Source: Ofcom, OAT data Jan to Sept 2008

As illustrated in Figure 144 above, mis-selling continues to dominate the complaints in the telecoms market. ‘Silent calls’ have recently become an area for complaint among consumers and ‘additional charges’ are still one of the top three complaints received by Ofcom. Each of these issues is discussed in more detail below.

In addition, the following section highlights some of the positive trends in broadband migration – while 3% of telecoms complaints received by Ofcom relate to either migration authorisation codes (MAC) or tag-on-line, they account for a lower proportion of complaints than last year (5% and 6% respectively in 2007).

7.1.1 Focus on mis-selling

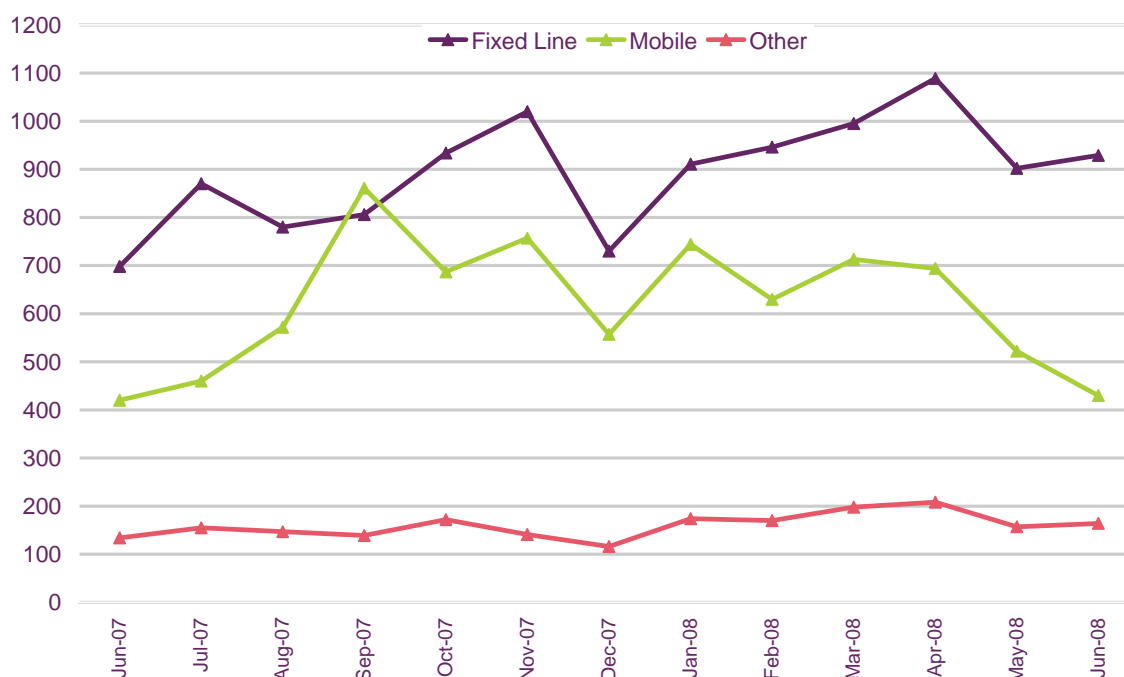
The term ‘mis-selling’ covers a range of sales and marketing activities that can work against the interests of both consumers and competition and can undermine confidence in the industry as a whole. These include:

- the provision of false and/or misleading information (for example, about potential savings, or promising offers or gifts which do not actually exist);
- applying unacceptable pressure to change provider, such as refusing to leave until the customer signs, or using threatening or otherwise intimidating behaviour; and

- 'slamming', an extreme form of mis-selling, where customers are simply switched from one company to another without their knowledge or consent. Forms of slamming can include, for example, passing off (i.e. where representatives claim to represent a different company to the one they are actually working for), and customers being told they are merely signing for information and then being switched to another provider.

In this sub-section we illustrate the number and type of complaints Ofcom has received about mis-selling across all services and, in particular, mis-selling in the fixed and mobile markets.

Figure 147: Monthly complaints regarding mis-selling received by OAT: all services – June 2007 to June 2008



Source: Ofcom, OAT data

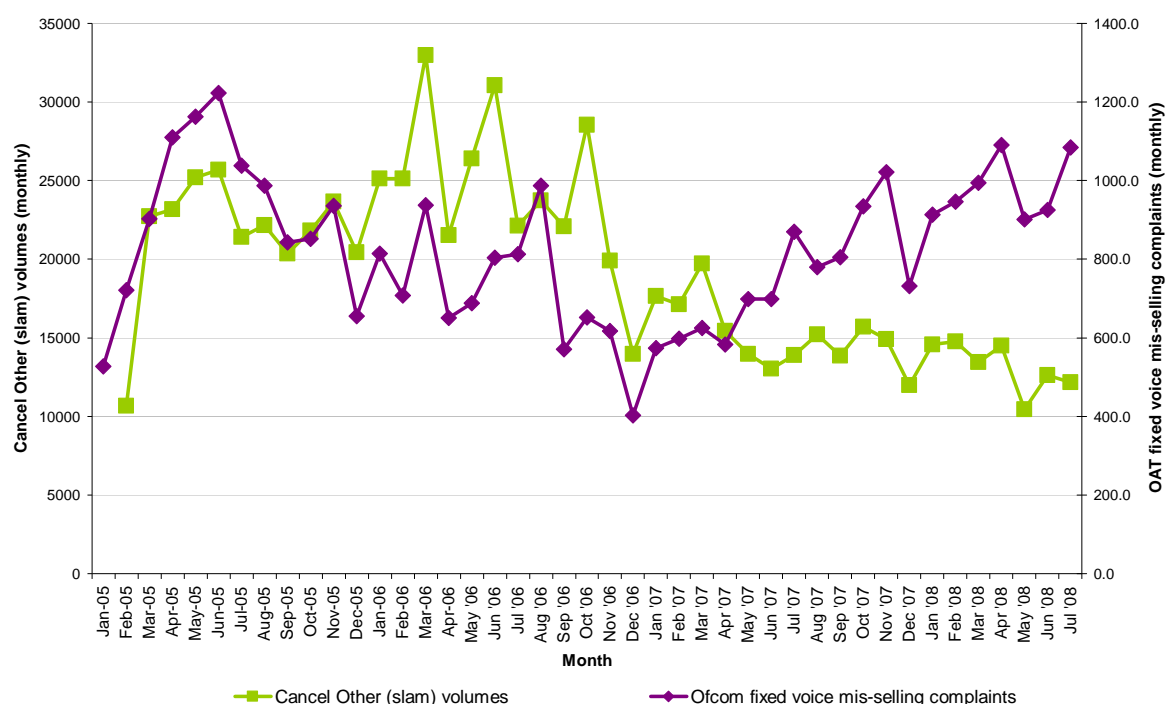
Most complaints to Ofcom about mis-selling are in relation to fixed-line services, followed by mobile networks. Mis-selling complaints in the fixed-line market have increased over the last 12 months, while in the mobile market complaints have fluctuated over the past year, but appear to be in decline. The largest mis-selling issue in the mobile market relates to cashback deals.

Broadband, cable and other mis-selling complaints remained broadly stable until the early part of this year, when levels rose to around 200 per month.

Fixed line mis-selling

The chart below illustrates the number of complaints about mis-selling in the fixed-line market, received by Ofcom over the last 12 months. It also reports the trend in the volume of transfer orders received and subsequently cancelled by BT, in accordance with consumers requests, as the result of an attempted 'slam'.

Figure 148: Fixed line: Comparison of transfer orders cancelled due to reported slamming and Ofcom fixed voice mis-selling complaints



Source: Ofcom

The volume of transfer orders being cancelled (attempted ‘slamming’) has continued to fall at a relatively steady rate, and in May 2008 was at its lowest level since February 2005. This suggests that ‘slamming’ in the fixed market is in decline.

However, complaint volumes to Ofcom relating to fixed mis-selling have risen steadily over the same period. In July 2008 these calls accounted for more than 1000 complaints to Ofcom.

Additional research⁴⁴ conducted in September 2008 suggests that 4% of consumers with a fixed line have been told something by a fixed-line provider which subsequently turned out to be untrue. Three quarters of these consumers said they were given incorrect advice/information about billing, call costs or packages. In total less than 1% of adults spontaneously mentioned a potential slamming issue, and a similar proportion said they were given misleading information about their terms and conditions, or contract.

When prompted, 6% of fixed line customers said they had experienced either an ‘attempted slam’ (4%) or an ‘actual slam’⁴⁵ (2%). Consistent with these findings, 2% of adults said they had received a bill from the new supplier. Two-thirds of incidences happened a year or more ago while just over one in ten (13%) occurred between July and September.

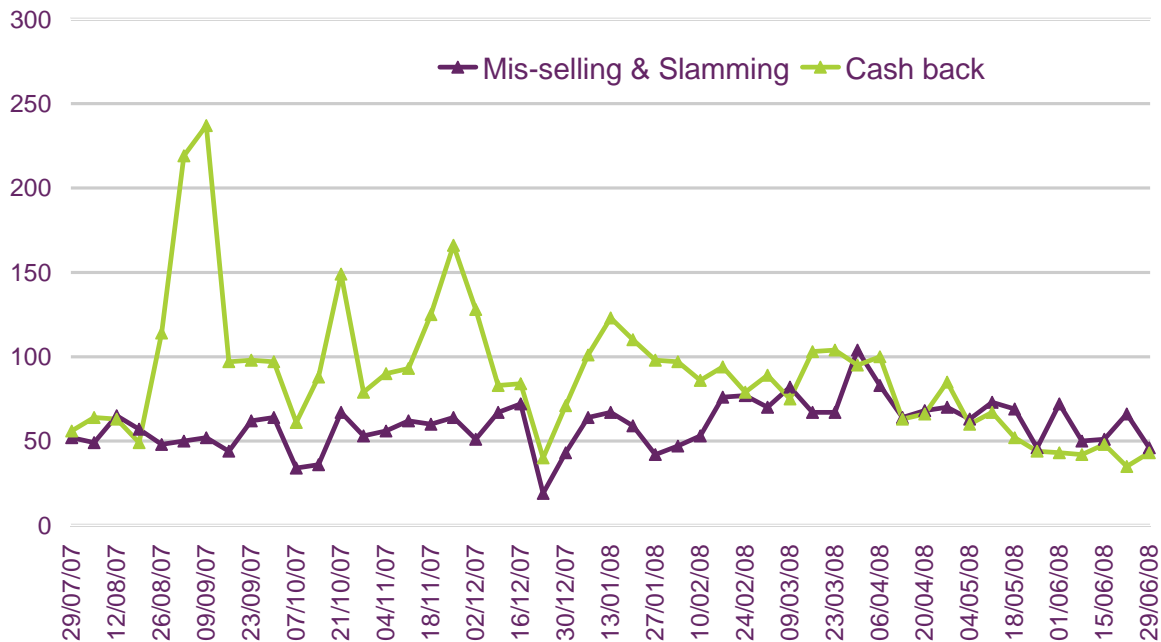
⁴⁴ Survey conducted by ICM for Ofcom during September 2008, telephone omnibus among 2014 UK adults with a fixed line phone

⁴⁵ An actual slam would be where another provider successfully takes over the consumers’ service. The consumer would receive a bill from the new supplier.

Mobile mis-selling

The following chart illustrates the declining volumes of mis-selling complaints in the mobile market.

Figure 149: Monthly complaints regarding mobile mis-selling versus cashbacks



Source: Ofcom, OAT data

Mobile mis-selling complaints have been on a downward trend since 2006, with complaint volumes tending to fluctuate on a monthly basis. The largest mis-selling issue relates to cashback deals. Complaint volumes in respect of cashback have been in decline since their peak at the end of 2007, at which point Ofcom published a consultation discussing various options to tackle these issues. Complaint volumes levelled off in May 2008 to around 50 per month.

Additional research, in August 2008,⁴⁶ identified 4% of mobile customers who said they had experienced mis-selling in the mobile market – 2% had experienced this in the last year. Mis-selling appeared more common among contract (7%) than prepay (2%) customers.

As in the fixed line market, the main mis-selling issue in the mobile market was misleading or incorrect information provided to the consumer about his or her tariff or package.

Two-thirds of consumers who said they had been mis-sold to said that they had made a complaint – generally this was to the operator concerned. Eight in ten said they had, or would have, incurred costs due to the incident, and most said they had not received any compensation.

⁴⁶ Survey conducted by TNS for Ofcom during August 2008, face to face omnibus survey among 2148 UK adults

7.1.2 Focus on silent calls

Silent calls are a cause of inconvenience and anxiety for a growing number of people every month. Most silent calls are not generated with malicious intent, but occur when call centres' automated calling systems generate more calls than their agents can deal with. When the person called answers the telephone, there is no agent available, resulting in silence on the line.

Ofcom published its rules on silent calls in 2006, which were further revised in September 2008. They require that abandoned call rates must be no more than 3% of all live calls made in any 24 hour period for each campaign. All abandoned calls must carry a short recorded information message identifying the source of the call. Calling line identification (CLI⁴⁷) must be included on all outbound calls generated by automated calling systems.

Ofcom investigated and fined Barclaycard earlier this year for its non-compliance with these rules.

In January this year the volume of complaints about silent calls began to rise and became the second most complained-about telecoms issue. In addition, almost a third of adults said they had personally experienced a silent call in the last six months, and nuisance calls were mentioned by 5% of adults as a concern in the fixed-line market.

Data from BT's Nuisance Call Bureau however, reported a reduction in the total number of reported silent calls. Complaints ranged between 16,000 to 20,000 during April and September 2008 representing a significantly fall from the peak of 80,000 complaints received at the beginning of 2006.

7.1.3 Focus on additional charges

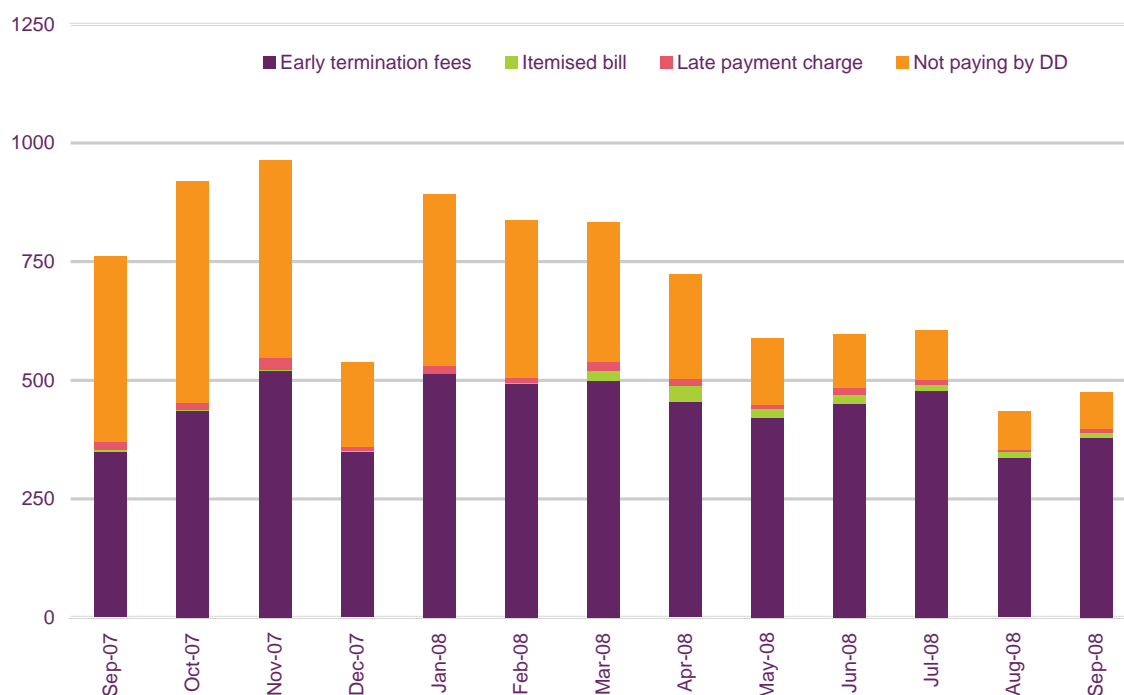
Consumers potentially face additional charges from their communications supplier, over and above those they already pay for the service. These charges can be due to a number of factors including: not paying by direct debit; late payment of bills; having a service restored following a restricted or suspended service following late payment; or early termination fees.

Consumers potentially suffer harm if they cannot take these charges into account when they choose their supplier. If consumers are not aware of these charges, they cannot take measures to avoid them.

Some consumers are potentially more at risk from incurring additional charges; for instance those who do not have a bank account and so cannot pay by direct debit.

Figure 150 illustrates the trend in the volume of complaints Ofcom's Advisory Team has received about additional charges, across all communications services.

⁴⁷ CLI allows people to dial 1471 and access the telephone number of the person or organisation calling them

Figure 150: Monthly complaints about additional charges

Source: Ofcom, OAT data

Complaints about additional charges are currently at just under 500 per month, and account around 4% of total complaints. Following a peak of complaints early in 2008, volumes have fallen.

While early termination charges continue to account for the majority of these complaints and have remained at a fairly stable level, non-direct debit complaints have driven the fall in total complaints about additional charges. This type of complaint has fallen from around 300 per month during the early part of the year to fewer than 100 by September.

7.1.4 Focus on broadband migration

When consumers wish to change their internet supplier they often encounter two areas of difficulty.

The first relates to requests for a migration authorisation code (MAC) to switch supplier. A MAC is a unique code that a customer must give to his or her new broadband service provider, to allow the service to be transferred smoothly from the existing service provider.

The second is the existence of a 'tag' on the line. A broadband supplier puts an 'electronic tag' on a telephone line to flag the fact that they are the supplier to a particular household. The tag must be removed before the new supplier can begin service.

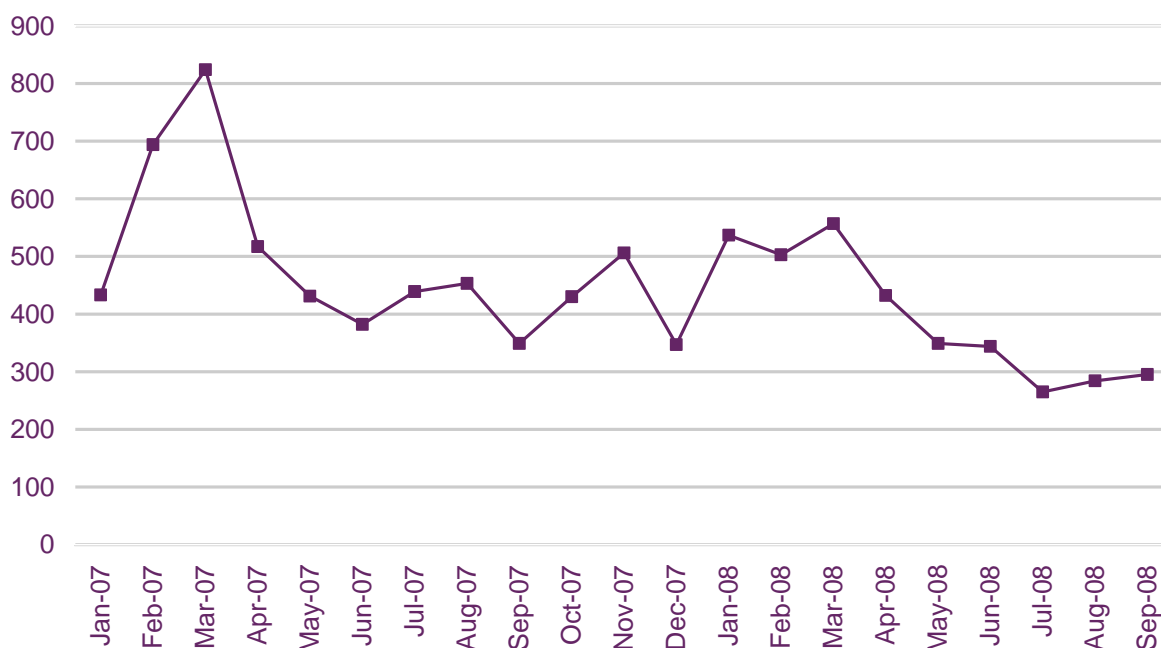
Since the beginning of 2007 there has been a decrease in the number of complaints to Ofcom about broadband migration in general. This reduction is likely to be due to:

- Ofcom's new broadband migration rules. The new rules require suppliers to provide a MAC on request as well as to make sure that tags and other operational issues do not hinder customers' ability to switch;

- the work of the Office of the Telecoms Adjudicator (OTA) which is working with industry to improve the migration process.

The following charts illustrate the trend in the volumes of complaints relating to MAC and tag-on-line.

Figure 151: Monthly complaints specifically about MAC codes received by OAT

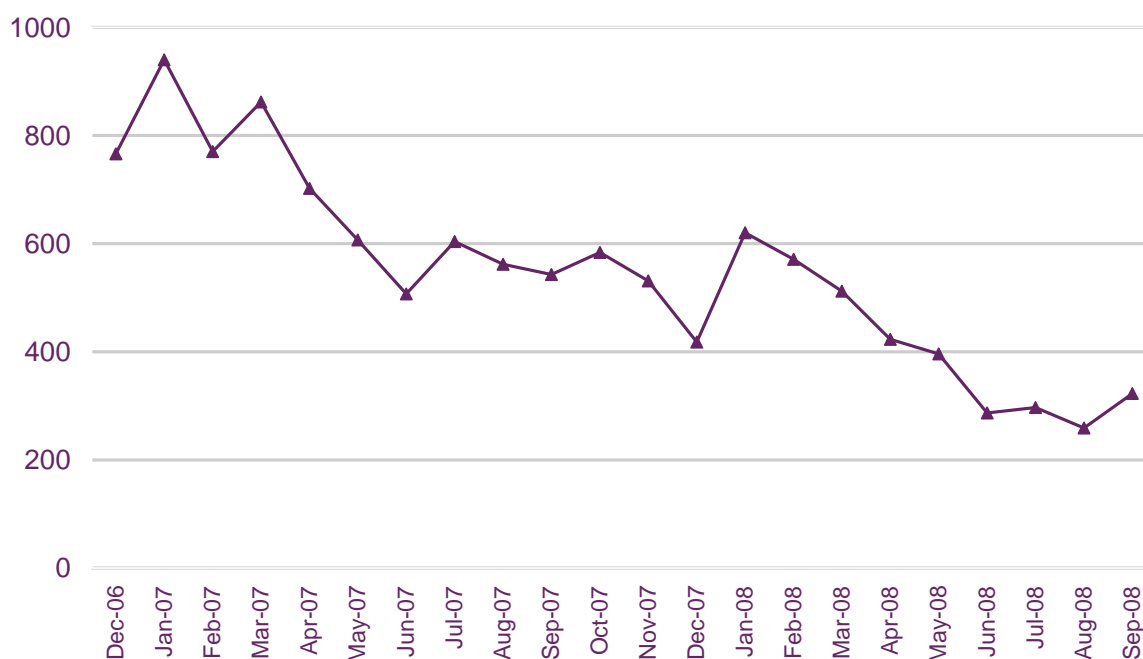


Source: Ofcom, OAT data

Since Ofcom introduced the broadband migration rules in February 2007 there has been a significant decrease in the volume of customers complaining about difficulties in obtaining a MAC code, an ISP refusing them a code, or complaints about the cost of getting a MAC code.

Since October 2007 complaint levels have fluctuated between approximately 350 and 550. A downward trend began in April 2008 and complaints levelled off at around 300 each month between July and September. Ofcom will continue to monitor complaints in this area.

Tags are essentially a symptom of process deficiencies which result in the customer being prevented from setting up a broadband service. As such, it is important to note that there is not a quick fix. In practice, this will require sustained industry effort and leadership over several months to fully regulate. The Office of Telecoms Adjudicator (OTA) is working to diminish tags, and, encouragingly, complaints about tag-on-line have been in decline throughout 2008 and appear to have levelled off at around 300 per month.

Figure 152: Monthly complaints about tag-on-line (TAG) received by OAT⁴⁸

Source: Ofcom, OAT data

Data tracking referrals to BT Wholesale helpdesk for the removal of tags, also fell significantly from 20,000 in March 2007 to 3300 referrals in April 2008 just before the helpdesk was closed to complaints from consumers.

7.1.5 Focus on premium rate services (PRS)

Premium rate services are a form of micro-payment for content, data services and value-added services, added to the telephone bill. There are a diverse and growing number of services, including:

- fixed-line telecoms services such as live chat, information services (including directory enquiries) and TV vote lines; and
- mobile services, such as ring-tones, media content and payment through reverse-billed SMS.

PhonepayPlus is the agency appointed by Ofcom for the regulation of all premium rate-charged telecommunications services, and has responsibility for day-to-day regulation of the content and promotion of services, through its Code of Practice.

PhonepayPlus received more than 8,000 mobile-related complaints in 2007/8; a 108% increase on the previous year. In the first three months of 2008 alone, PhonepayPlus received more than 4,500 complaints.

⁴⁸ Previously data from the BT Wholesale helpdesk were reported, but this ceased to act as a consumer support facility earlier this year, and Ofcom now reports on complaints to its advisory team (OAT).

Figure 153 illustrates that complaints to PhonepayPlus are dominated by issues in the mobile market. Data collected from Ofcom’s *Consumer Concerns* survey indicates that 4% of mobile customers had not received content paid for via their mobile phone.

Figure 153: Monthly complaints about PRS



Source: Phonepay Plus

7.2 Consumer protection and concerns metric 2: personal experience of issues in each communications market

7.2.1 Experience of particular issues in the communications markets

The following section is based on consumer research designed to understand how many adults had personally experienced particular issues in each of the communications markets in the last six months, regardless of whether they had complained about it.

All respondents were read a list of issues relating to each of the communications markets and asked whether they, or someone they knew, had experienced each issue in the last six months. They did not have to be a consumer in each specific market to be asked this question.

This replaces the data reported in previous reports, resulting from research which asked consumers whether they had ‘ever’ experienced these issues. There may be some overlap between those who said they had personally experienced issues and those who said they knew of at least one person who had.

Fixed market

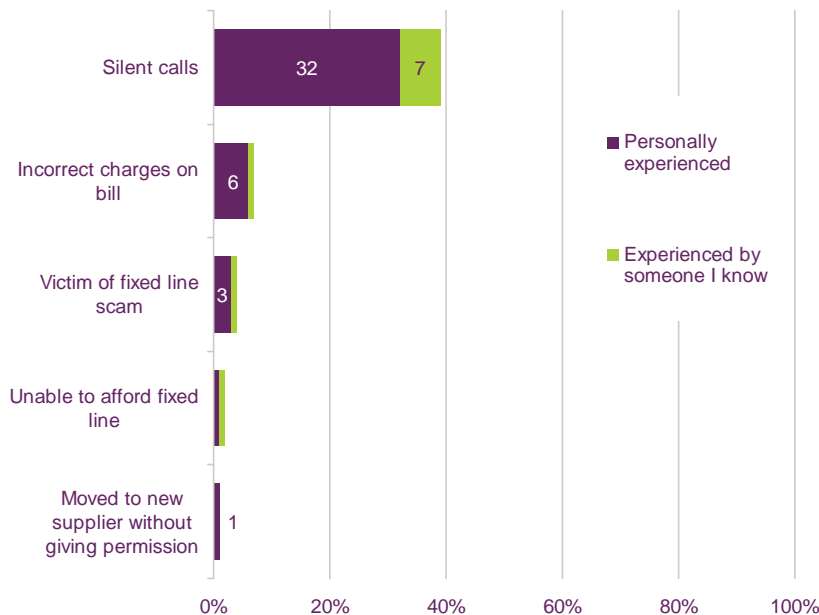
In June 2008 a third (32%) of UK adults said they had personally received silent calls on their fixed line at home in the last six months, and 7% said they knew someone who had.

As noted above, the volume of complaints received by Ofcom relating to silent calls has increased significantly in the last six months. The data below suggests that the proportion of

adults who have personally experienced a silent call in the last six months is significantly higher than the proportion who have complained about it.

Consumers were prompted with other issues: incorrect charges on fixed bills (experienced by 6% of adults in the last six months); being a victim of a landline scam (3% said this had happened to them); being unable to afford a landline (1% said this was their current situation and a further 1% said they knew someone who could not afford a landline); and slamming (1% of adults said they knew someone who had been moved to a new fixed supplier without agreeing to do so).

Figure 154: Whether respondent, or someone they know, has experienced an issue in the fixed-line market in the last six months



Base: All adults 15+ (June 2008, 1121)
Source: Ofcom consumer concerns tracking survey

Mobile market

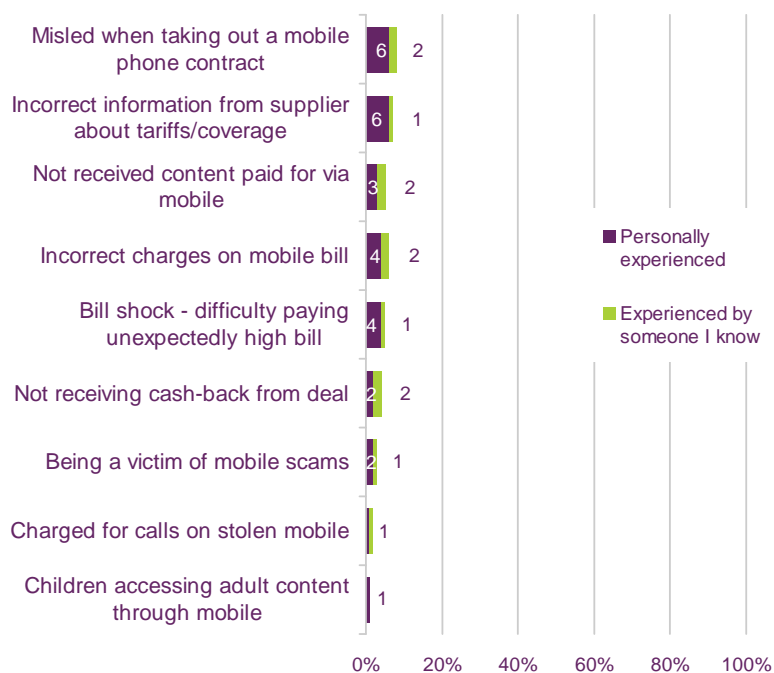
Six per cent of adults said they had been misled when taking out a mobile contract and 2% said they knew someone who had. Consistent with this, 6% said that incorrect information about mobile tariffs/packages/coverage had been provided to them in the last six months.

Another issue that consumers were prompted with, linked to mis-selling, was cashback deals. Two per cent said they had not received the cash they were promised with their mobile deal. However, this data should be treated with caution, as previous research indicates that some consumers forget to claim their money, as opposed to being prevented from obtaining it⁴⁹.

As mentioned above, complaints to PhonepayPlus are dominated by calls regarding mobile PRS services. This survey reports that 3% of adults had not received content they had purchased and 2% said they knew someone to whom this had happened.

⁴⁹ Survey conducted for Ofcom by TNS during August 2008 amongst 2148 UK adults

Figure 155: Whether respondent, or someone they know, has experienced an issue in the mobile market in the last six months

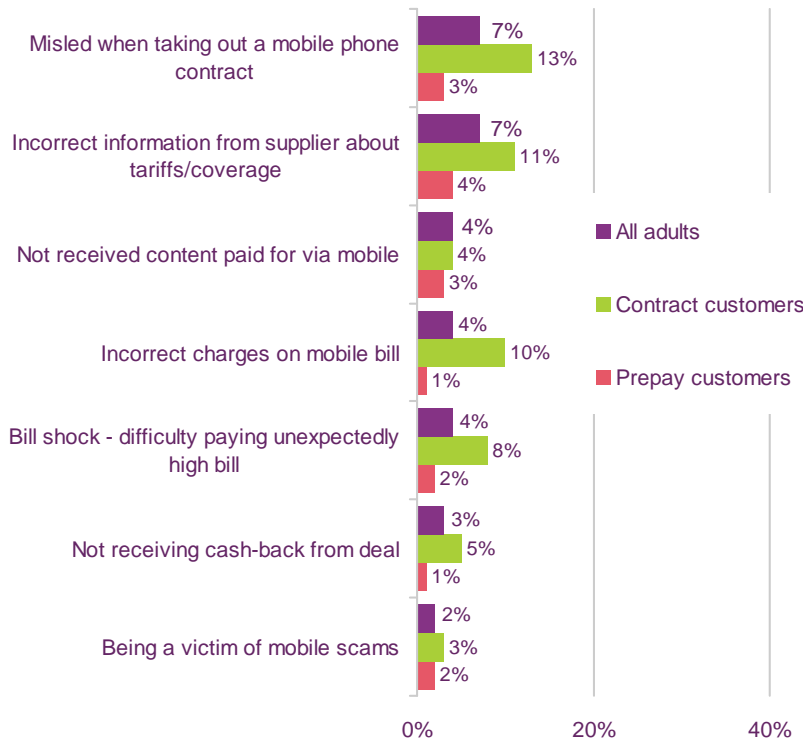


Base: All adults 15+ (Jun 2008, 1121)
 Source: Ofcom consumer concerns tracking survey

Figure 156 below illustrates experiences of these issues, according to the type of package mobile customers are using.

Contract customers are more likely than pre-pay customers to have experienced each of these prompted. This is unsurprising for some issues which are specific to contract customers such as 'bill shock' and 'incorrect charges'.

Figure 156: Whether respondent has personally experienced an issue in the mobile market in the last six months

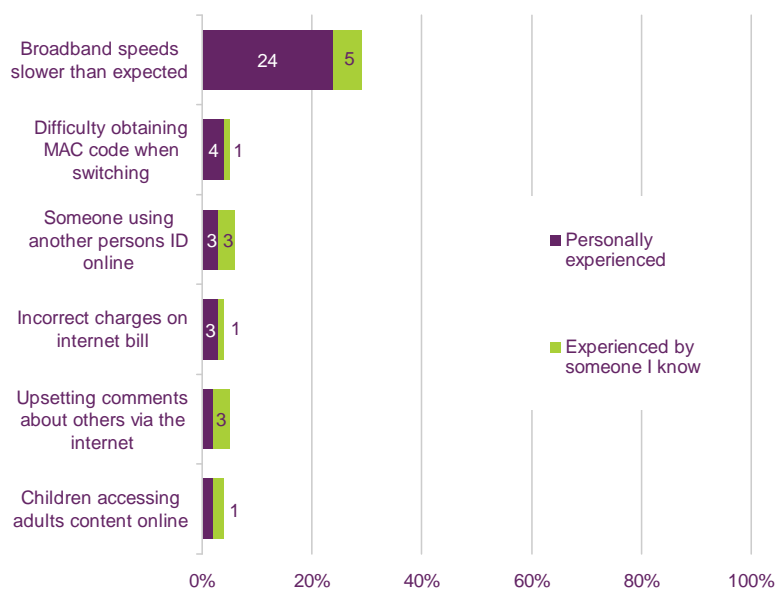


Base: All adults 15+, Jun 2008. All mobile customers (957), Contract mobile customers (338) prepay mobile customers (626)
 Source: Ofcom consumer concerns tracking survey

Internet market

A quarter (27%) of UK adults said they knew of an instance in the last six months when broadband speeds had not met expectations. While ‘broadband speeds’ is not an issue Ofcom is receiving significant complaints about, research indicates that it remains a concern for consumers. This was the most commonly experienced issue in this market (of those that consumers were prompted with) and few respondents mentioned any other issues.

Figure 157: Whether respondent or someone they know has experienced an internet issue in the last six months

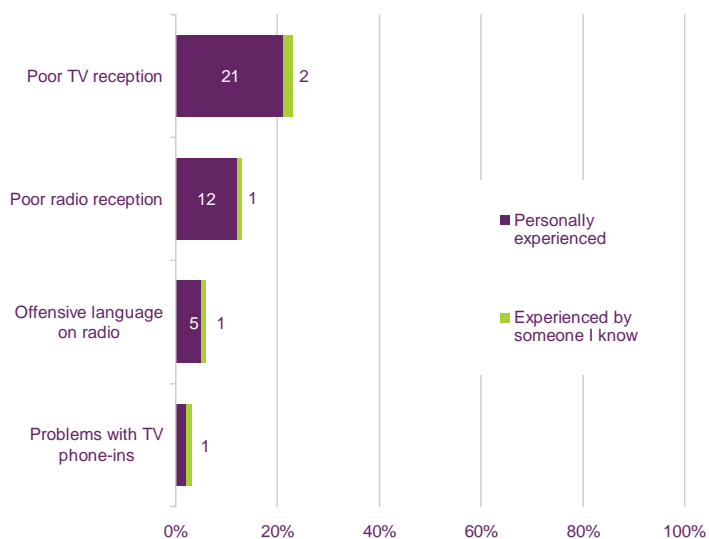


Base: All adults 15+ (Jun 2008, 1121)
 Source: Ofcom consumer concerns tracking survey

Broadcasting market

A fifth (21%) of UK adults said they had experienced poor TV reception in the last six months. Poor radio reception had been experienced by around half as many (12%).

Figure 158 Whether respondent, or someone they know, has experienced an issue in broadcasting in the last six months

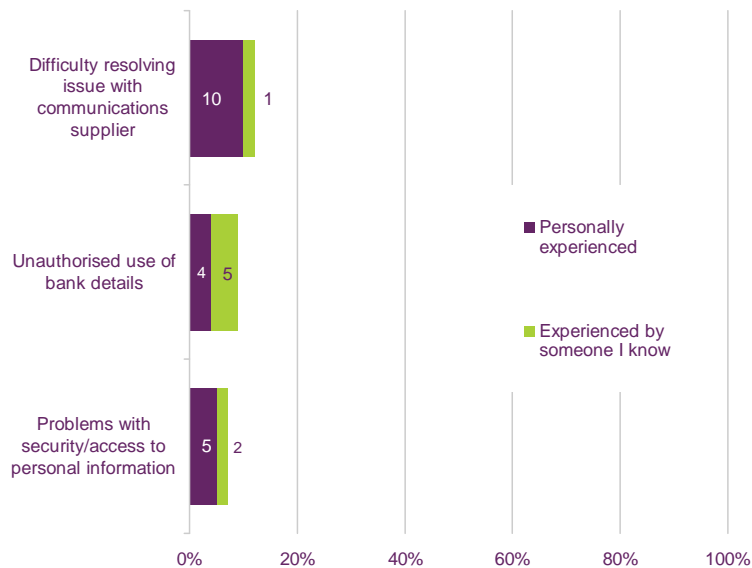


Base: All adults 15+ (Jun 2008, 1121)
 Source: Ofcom consumer concerns tracking survey

General issues across communications markets

Respondents were also asked about some general issues that they may have experienced. One in ten (11%) said they knew of an instance where someone had had difficulty resolving an issue with a supplier of communications services in the last six months.

Figure 159: Whether respondent, or someone they know, has experienced general issues with communications markets in the last six months



Base: All adults 15+ (Jun 2008, 1121)

Source: Ofcom consumer concerns tracking survey

7.3 Consumer protection and concerns metric 3: concerns about each communications market

This metric looks at the proportion of the population with concerns about each communications market – fixed line, mobile, internet and TV/radio. The figures in this report compare quarterly data from 2007 and 2008 and consequently, percentages differ from those published last year, which reported aggregated yearly data.

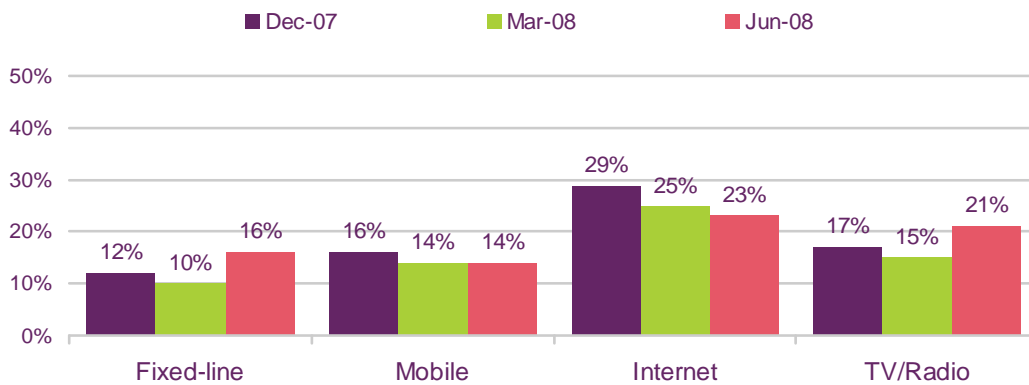
7.3.1 Spontaneous concerns mentioned about each communications market

During June 2008 more consumers were concerned with aspects of the landline market compared to earlier in the year (16% compared to 10% in March 2008) and this higher level of concern was sustained in September 2008. Levels of concern in the mobile market have remained relatively stable, with indications of a slight decline in September, to 12%.

There has been a continued decline in the proportion of internet customers with a spontaneous concern with aspects of the service or market - 23% had spontaneous concerns in this market.

There has been a sustained increase in the number of consumers with concerns in the broadcasting market. The level of concern in this market is now comparable to that for the internet (21% and 23% respectively).

Figure 160: Any spontaneous concerns mentioned by consumers

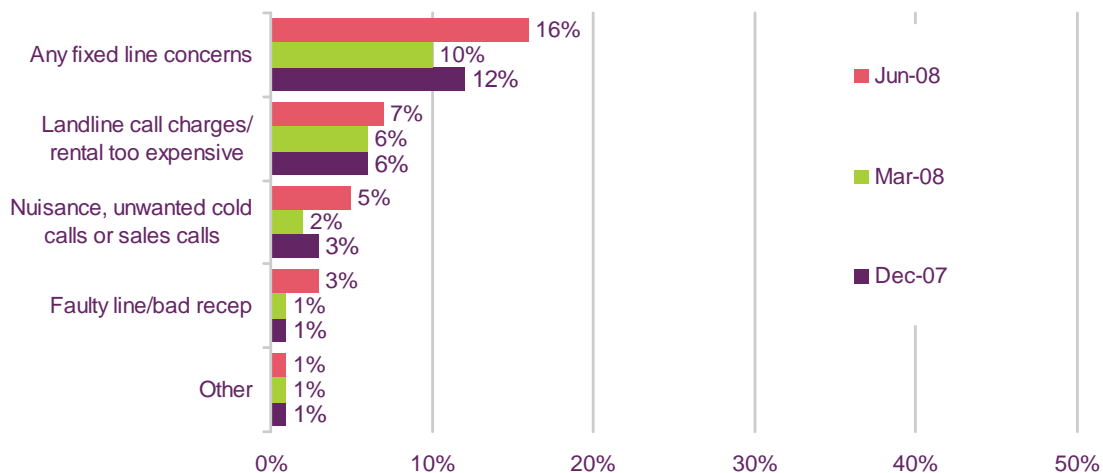


Base: All adults 15+ who have each service, June 08 - Fixed (988), mobile (957), Internet (679), TV/Radio (1112)
 Source: Ofcom consumer concerns tracking survey

7.3.2 Concerns about fixed-line services (unprompted)

As noted above, 16% of fixed-line customers spontaneously mentioned a concern about this market – a rise from 10% in March 2008, which appears to have been driven by more consumers stating concerns about nuisance calls/sales and marketing calls to their landline phone.

Figure 161: Specific concerns about fixed-line services (unprompted)



Base: All adults 15+ with fixed line at home (Dec 08, 925) (Mar 08, 946) (Jun 08, 988)
 Source: Ofcom consumer concerns tracking survey

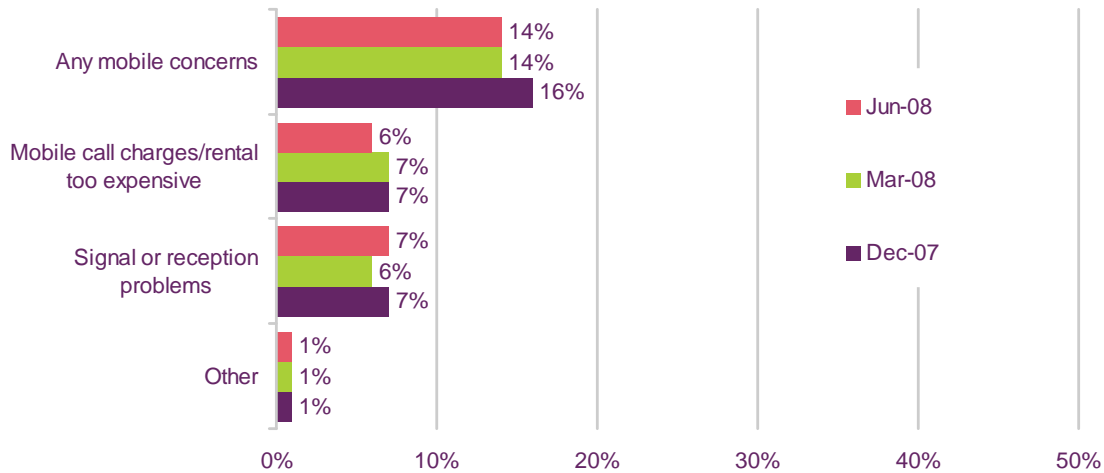
In 2008 there has been an increase in the volume of complaints received by Ofcom about silent calls - currently the second most complained-about issue. Research indicates that more consumers have experienced these than the proportion who have complained.

There was no mention of concern about mis-selling or scams at this stage of the research, suggesting that these issues do not become a concern for consumers until they personally experience them. However, mis-selling may result from sales calls to consumers and 5% of adults were concerned about these types of calls.

7.3.3 Concerns about mobile phone services (unprompted)

The level of spontaneous concern in the mobile market remains at 14%. The core concerns in this market are also unchanged – mobile calls too expensive (6%) and problems with signal or reception (7%).

Figure 162: Specific concerns about mobile phone services (unprompted)



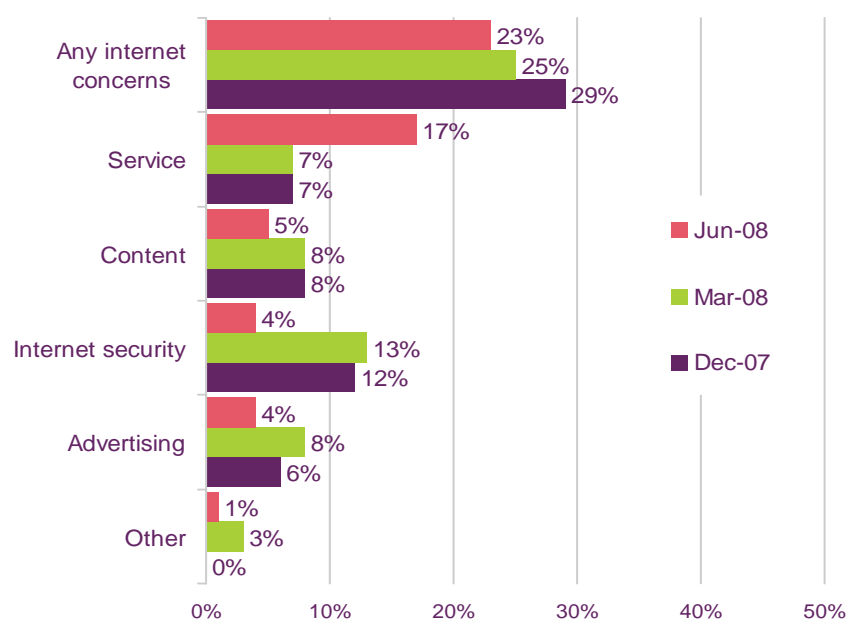
Base: All adults 15+ with mobile phone (Dec 08, 907) (Mar 08, 925) (Jun 08, 957)
 Source: Ofcom consumer concerns tracking survey

7.3.4 Concerns about internet services (unprompted)

The proportion of consumers with concerns in the internet market has declined since December 2007, from 29% to 23%. However, there have been significant fluctuations in the types of issues driving concern in this market.

Concerns with ‘service’ increased significantly by 10 percentage points to 17% in June 2008. This was driven by a higher proportion of consumers stating concerns about slow connection speeds. This is consistent with the 24% of adults who said that in the last six months their speeds had not met their expectations.

Figure 163: Specific concerns about internet services (unprompted)



Base: All adults 15+ with internet service at home (Dec 08, 588) (Mar 08, 611) (Jun 08, 679)
 Source: Ofcom consumer concerns tracking survey

7.3.5 Concerns about television and radio services (unprompted)

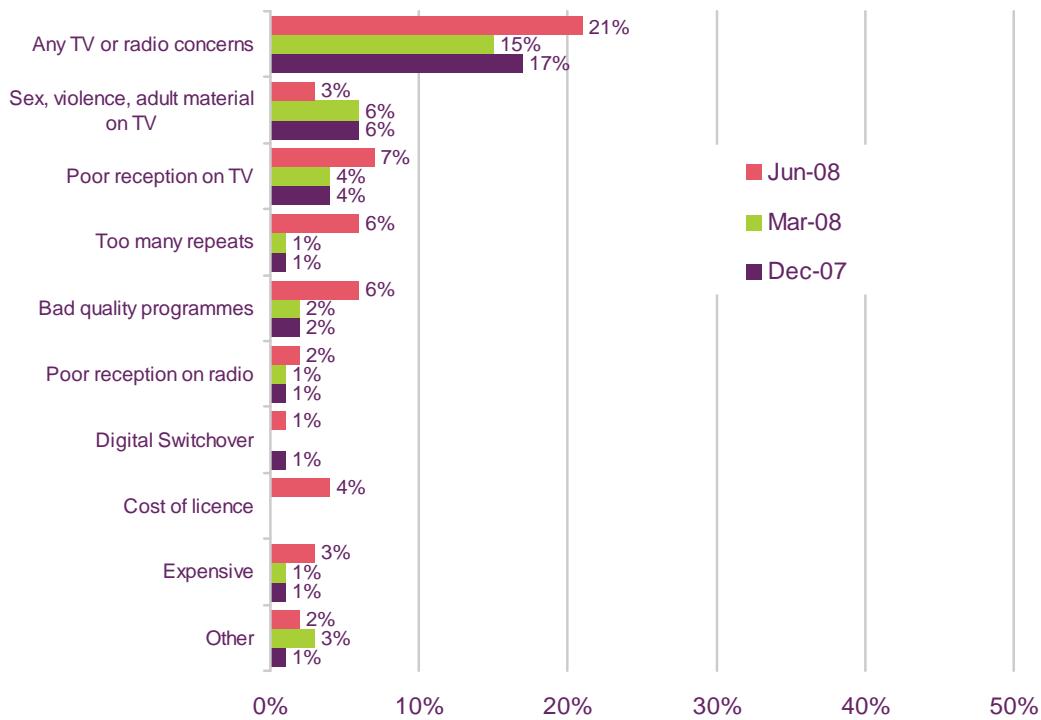
A fifth (21%) of consumers spontaneously mentioned any concerns about television or radio, a significant rise from 15% in March 2008.

This rise in concern was largely driven by increasing proportions stating concerns about broadcast content on the TV, and poor reception.

Concerns about content stood at 6% for ‘too many repeats’ and 6% for ‘bad quality programmes’. These opinions were higher among those with only terrestrial TV in their home.

Seven per cent stated concerns about poor TV reception, and the cost of the TV licence was mentioned for the first time in June 2008 by 4% of consumers. Perhaps concerns about licence fees were influenced by opinions of the poor quality of TV content.

Figure 164: Specific concerns about television and radio services (unprompted)



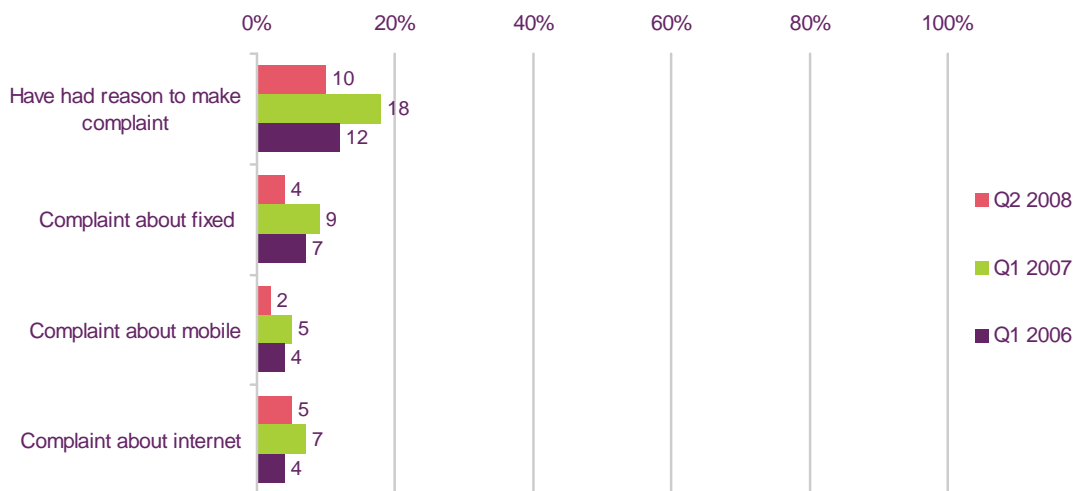
Base: All adults 15+ with TV and/or radio services at home (Dec 07, 1982) (Mar 08, 1977) (Jun 08 xxx) (Sept 08, xxx)
 Source: Ofcom consumer concerns tracking survey

7.4 Consumer protection and concerns metric 4: awareness and use of complaints procedures

7.4.1 Whether consumers have ever had cause to complain

The following section reports the proportion of adults who have had a reason to make a complaint about a telecoms service, whether they proceeded to make a complaint, and their awareness of suppliers' codes of practice.

Figure 165: Percentage of consumers who have had cause to complain



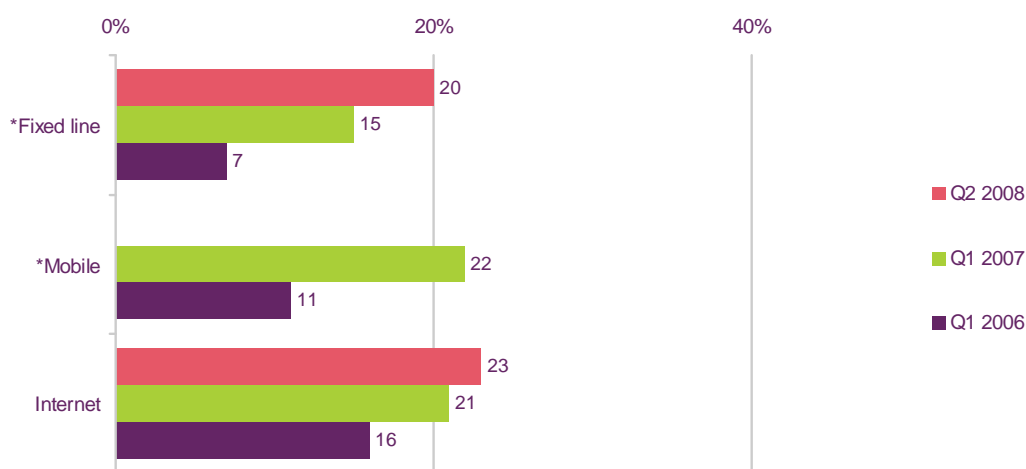
Base: All adults 15+ with fixed line, personally use mobile or internet access (2109)
 Source: Ofcom communications tracking survey (Q2 2007)

There has been a decrease in the proportion of consumers who have had cause to complain about telecoms issues, from 18% in 2007 to 10% in 2008. The largest fall was in the landline market, where the proportion of consumers with cause to complain fell by 5 percentage points in the last year.

7.4.2 Proportions of consumers who did not make a complaint

There was no improvement in the proportion of consumers with reason to complain, who made a complaint. A fifth of those with a fixed line complaint did not complain to their landline supplier, and almost a quarter (23%) of those with an internet complaint did not complain to their internet supplier. Base sizes were too small to analyse the reasons why consumers did not progress their complaints.

Figure 166: Percentage of consumers who did not make a complaint



Base: All adults 15+ who had reason to complain about fixed line (2006, 174) (2007, 213), (2008, 89) mobile (2006, 115) (2007, 100), internet (2006, 113) (2007, 150) (2008, 105)

* Small base for 2008, treat as indicative only, base size for mobile in 2008 too small to analyse

Source: Ofcom communications tracking survey

7.5 Additional insights among minority groups

The following section provides some additional insights into some minority groups' concerns or complaints about the communications market.

The minority groups discussed below are: people with a visual impairment, people with learning disability, ethnic minority groups and consumers aged 75+.

7.5.1 People with a visual impairment

Making a complaint/dealing with suppliers

- Respondents with visual impairments were not always empowered to resolve their own queries. Some people with visual impairments reported problems in resolving issues with suppliers. Some members of staff in call centres appeared unable to help, apparently insisting that respondents look at menus and devices, despite being told that the caller could not see.
- Respondents said they would have appreciated the offer of an alternative solution such as the assistance of a technician. In addition, many of the staff appeared

impatient and did not take into consideration that the call might take longer than average, due to the respondent's impairment.

7.5.2 People with a learning disability

Experience of particular issues

- There were no indications from the research that consumers with learning disabilities were more likely than the general population to experience scams or mis-selling in the communications market. This could be accounted for by the 'buffer role' played by support networks, which tend to take responsibility for choosing and dealing with suppliers, and the lower than average use of services such as email/internet.

Making a complaint/dealing with suppliers

- People with learning disabilities tend not to contact suppliers themselves. Checking bills and dealing with suppliers was usually done by relatives or support workers .
- However, there were indications that many respondents put up with poor quality service that others may not tolerate. A lack of awareness of what constitutes acceptable service may have made these consumers more likely to put up with poor quality service and not complain.

7.5.3 Ethnic minority groups

Concerns about content

- At an overall level, ethnic minority groups (Black Caribbean, Black African, Indian and Pakistani) were more concerned about television and radio content, and about gaming, than the UK population as a whole. The higher levels of concern among these groups were not driven by one particular aspect, but by a greater proportion of consumers being concerned about each aspect.
- There were significantly higher levels of concern about mobile phones among ethnic minority groups than the UK average, driven by affordability.
- The key concerns in the TV market related to offensive or poor quality programmes for each of these groups.
- There were also some notable differences in concerns about internet content. The Indian community reported levels of concern comparable with the UK average, although the type of concern differed. They were less likely to mention concern about offensive content and risks to society/values, and more likely to mention concerns about financial risks, devices and privacy.
- Pakistani, Black Caribbean and Black African consumers had concerns broadly similar to the UK average, although they were more likely to mention financial issues and device security.

Making a complaint

- Encouragingly - given the higher level of concern – ethnic minority groups were more likely to have made a complaint than the UK average. As mentioned above, ethnic minority groups were more likely to say they were concerned about issues in the communications market. It is unsurprising and encouraging to see that this group

was also more likely to have made a complaint. This indicates a good level of awareness of complaints procedures among this minority group.

- Pakistanis were the most likely to have made a complaint in each of the communications markets – around one in ten in each market, slightly higher (13%) for TV. Indians were as likely as Pakistanis to have made a complaint relating to TV (13%) or mobile (8%).
- Black Caribbean and Black African consumers were less likely to have complained. The highest levels of complaints among these two minority groups were for TV – 11% and 7% respectively - while complaints in each of the other markets among these two groups were around one in twenty.

7.5.4 Consumer aged 75+

Concerns about content

- Adults aged 75+ were more likely to say they had concerns about what was on the TV than other groups (76% compared to 55% UK average). There was no one particular aspect that drove this higher level of concern among this age group; they tended to be more concerned with all aspects than the rest of the population.
- It is perhaps not surprising that this age group was more likely to mention something they were concerned about on the TV, as they tend to watch more television than other age groups.
- This is consistent with people aged over 75 being the least likely group to use the internet and the least concerned about its content. However, any concerns raised by this age group were consistent with those raised by the general population, specifically offensive content and risks to society.

Making a complaint

- There are indications that older consumers are less likely than other age groups to make a complaint. Ofcom's media literacy study found that 1% of consumers aged 75+ had made a complaint about TV content in the last 12 months – equal to the UK average.
- No-one in this age bracket said they had made a complaint about either radio or internet content in the last 12 months, although around 5% were unsure whether or not they had either made a complaint or when this was. This was broadly similar for the mobile market, where 95% of adults aged 75+ said they had not made a complaint and 5% were unsure.
- Overall, the vast majority (94%) of adults aged 75+ had not made a complaint about any content on any of the communications platforms in the last 12 months.

Annex 1

Research methodologies

Ofcom communications tracking survey

Methodology	Continuous face-to-face survey
Core objective	To provide Ofcom with continued understanding of consumer behaviour in the UK communications markets, to help monitor changes and assess the degree and success of competition.
Sample size	2000+ per quarter (2109 Q2 2008)
Fieldwork period	Q1 2008 (January), Q2 2008 (April, May, June),
Sample definition	UK adults aged 15+, reflective of the UK profile by sex, age, socio-economic group, region, employment status, cabled/non-cabled areas, rural/urban areas and levels of deprivation.
Weighting	Where necessary, the data have been weighted to ensure they are representative of the UK adult population.

Ofcom consumer concerns survey

Methodology	Ad hoc face-to-face survey
Core objective	Monitoring consumers concerns in the communications markets. Tracking levels and types of concerns.
Sample size	1000 per wave
Fieldwork period	December 2007, March 2008, June 2008, September 2008
Sample definition	UK adults aged 16+, reflective of the UK profile by sex, age, socio-economic group, region, employment status.
Weighting	Where necessary, the data have been weighted to ensure they are representative of the UK adult population.

Ofcom decision-making survey

Methodology	Telephone survey to mobile and landline phones
Core objectives	To explore the landline, mobile, internet/broadband markets, and multi-channel TV recognising that with increased convergence bundled purchasing may affect consumers' decision-making.
	To monitor levels of participation in terms of switching and keeping an eye on the communications markets.
	To monitor levels of supplier awareness and satisfaction by

	demographic groups to understand whether some groups are more vulnerable than others.
Sample size	941 fixed-line decision makers, 1270 mobile decision-makers, 460 broadband decision-makers, 536 UK adults who purchase bundles of services, 488 pay-TV decision makers
Fieldwork period	July-August 2008
Sample definition	Representative sample of UK adults aged 15+, reflecting the UK profile of sex, age, socio-economic group, region, employment status, cabled/non cabled areas, rural/urban areas and levels of deprivation.
Weighting	Data have been weighted to ensure the sample is representative of the UK adult population

Ofcom visual impairment research

Methodology	Qualitative survey involving in-depth individual and paired interviews
Core objective	To explore the experiences of people with visual impairment in relation to ownership and use of communications services, identifying whether there were areas where these consumers may be more vulnerable than others.
Sample size	40
Fieldwork period	25 th February to 5 th April 2008
Sample definition	Adults and children (aged 8+) with mild to profound visual impairment. Level of impairment was based on responses to index created by Ofcom in consultation with disability groups.

Ofcom learning disability research

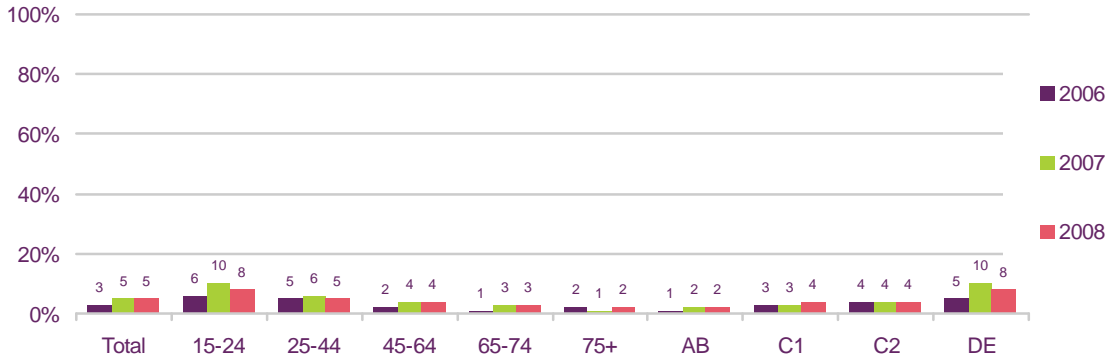
Methodology	Qualitative survey involving in-depth individual and paired interviews, supplemented with some ethnographic interviews
Core objective	To explore the experiences of people with learning disabilities in relation ownership and use of communications services. Identifying whether there were areas where these consumers may be more vulnerable than others.
Sample size	27 in-depth interviews and 8 ethnographic interviews
Fieldwork period	July to August 2008
Sample definition	Adults aged 18+ with mild-severe learning disabilities present from childhood. Level of disability was based on respondents and carers assessment. People with dyslexia were not included in the sample.

Annex 2

Additional demographic analysis

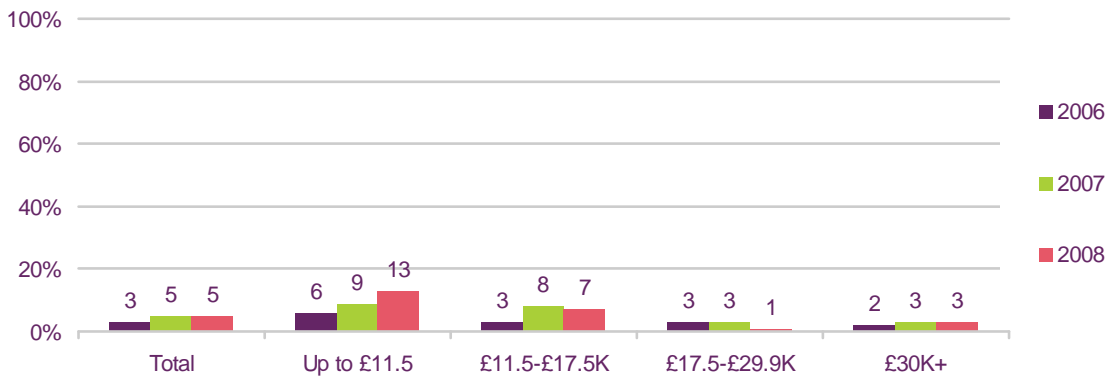
Non-ownership figures

Figure 167: Voluntary non-ownership of fixed lines, by age and socio-economic group



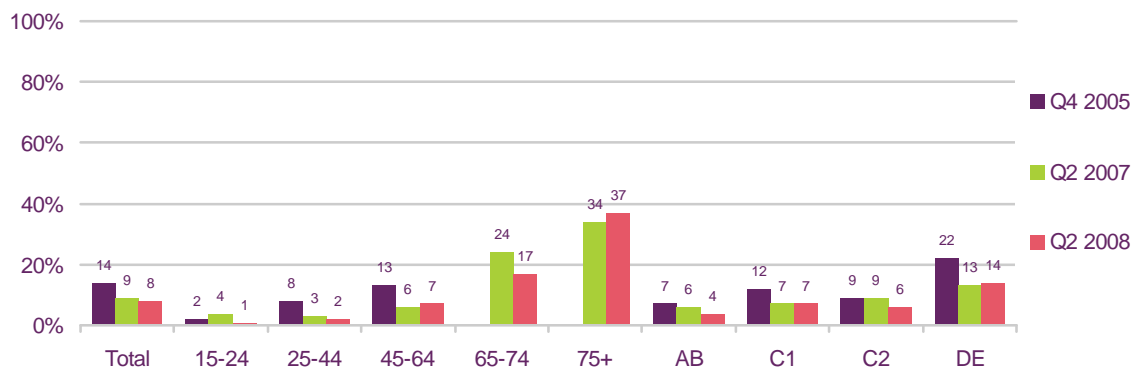
Base: All adults 15+ (Q2 2006, 2439) (Q2 2007, 2265) (Q2 2008, 2109)
 Source: Ofcom Communications Tracking Survey

Figure 168: Voluntary non-ownership of fixed lines, by income



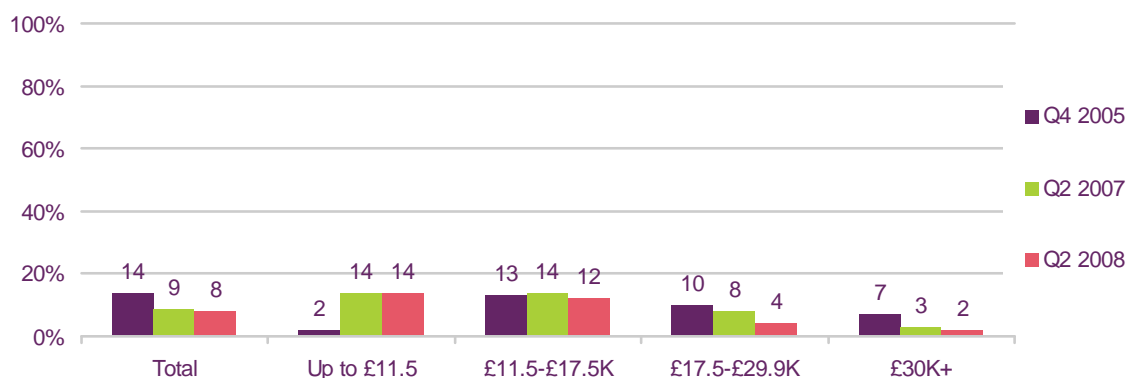
Base: All adults 15+ (Q2 2006, 2439) (Q2 2007, 2265) (Q2 2008, 2109)
 Source: Ofcom Communications Tracking Survey

Figure 169: Voluntary non-ownership of mobile services, by age and socio-economic group



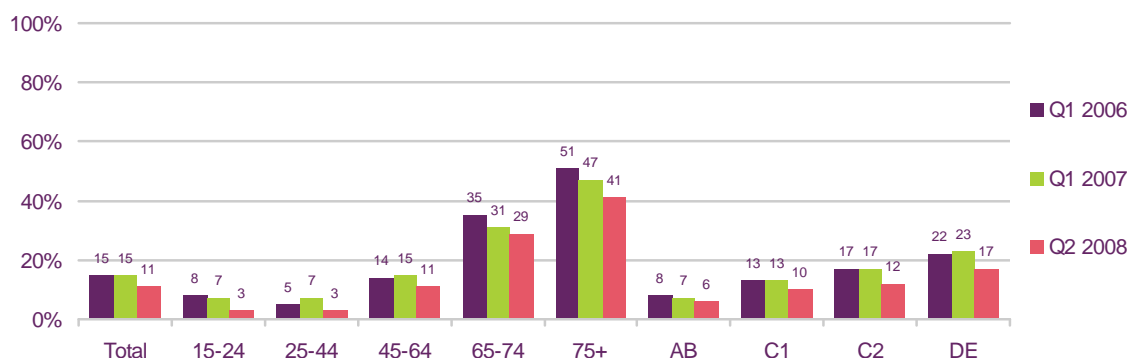
Base: All adults 15+ (Q4 2005, 2689) (Q2 2007, 1529)
 Source: Ofcom Communications Tracking Survey

Figure 170: Voluntary non-ownership of mobile services, by income



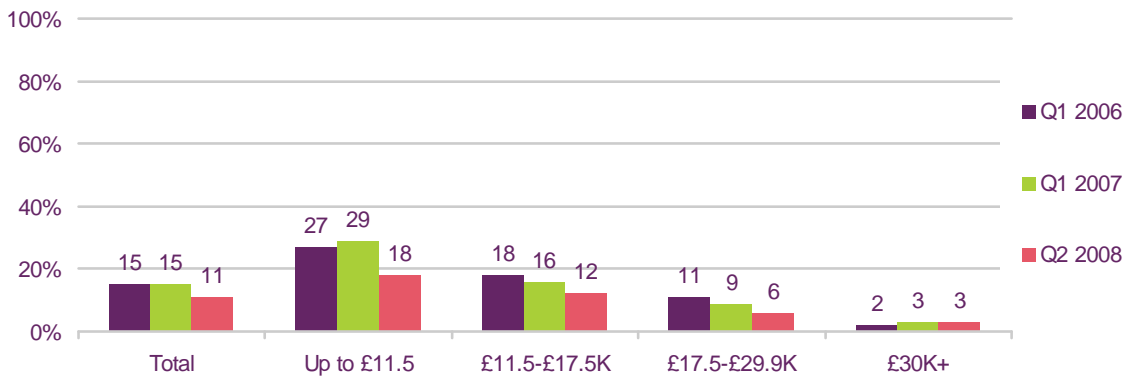
Base: All adults 15+ (Q4 2005, 2689) (Q2 2007, 1529) (Q2 2008, 2109)
 Source: Ofcom Communications Tracking Survey

Figure 171: Voluntary non-ownership of internet, by age and socio-economic group



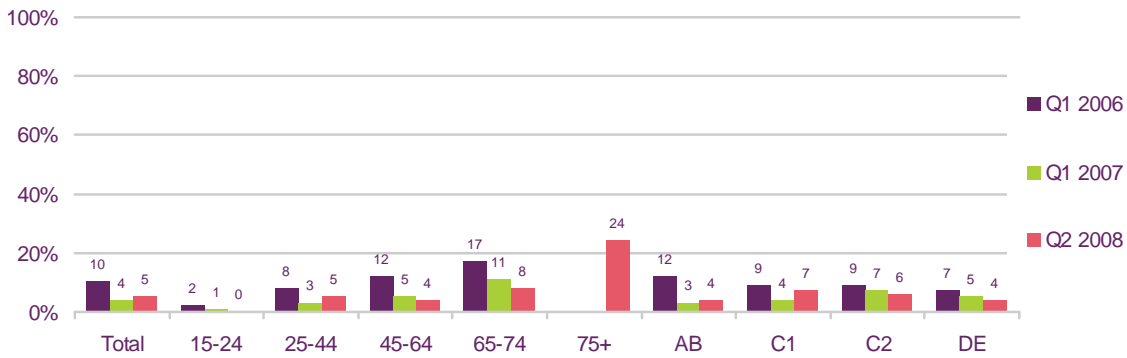
Base: All adults 15+ (Q1 2006, 2439) (Q1 2007, 1547) (Q2 2008, 2109)
 Source: Ofcom Communications Tracking Survey

Figure 172: Voluntary non-ownership of internet, by income



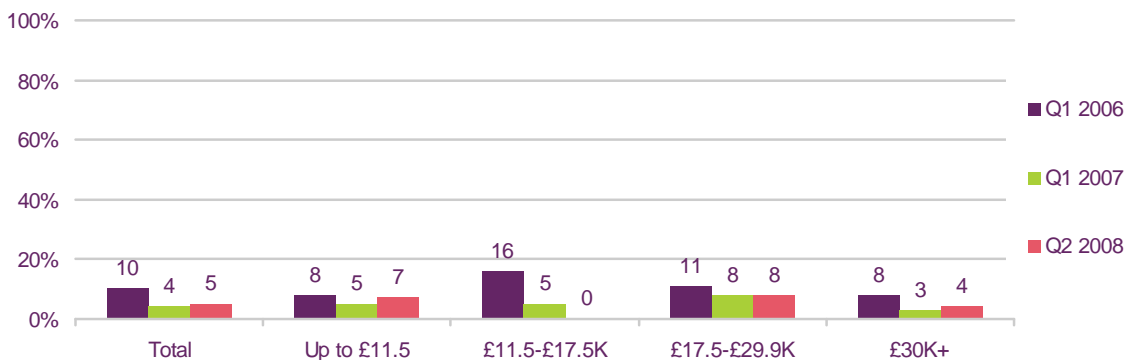
Base: All adults 15+ (Q1 2006, 2439) (Q1 2007, 1547) (Q2 2008, 2109)
 Source: Ofcom Communications Tracking Survey

Figure 173: Voluntary non-ownership of broadband, by age and socio-economic group



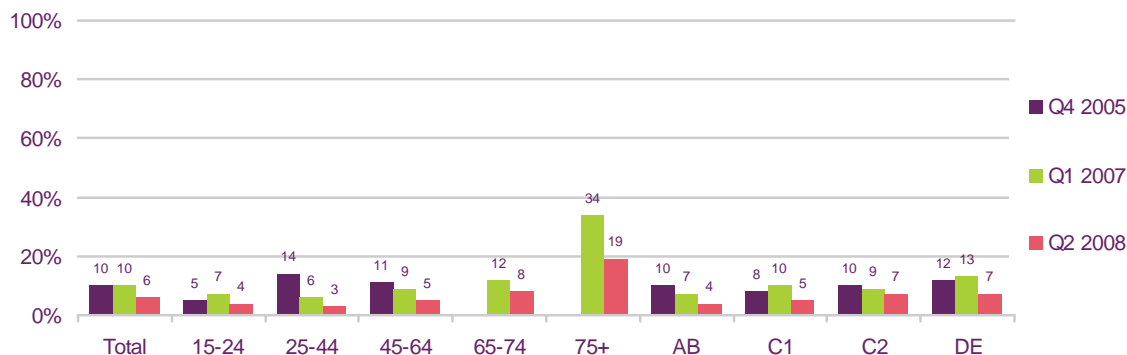
Base: All adults who have internet at home (Q2 2006, 1335) (Q1 2007, 988) (Q2 2008, 189*)
 * 2008 Broadband data based on all adults 15+ with narrowband or those likely to get internet at home
 Source: Ofcom Communications Survey

Figure 174: Voluntary non-ownership of broadband, by income



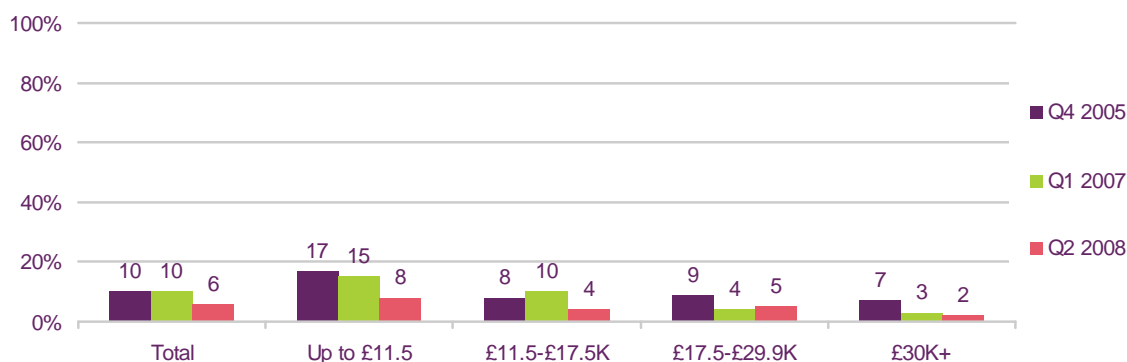
Base: All adults 15+ who have internet at home (Q2 2006, 1335) (Q1 2007, 988) (Q2 2008, 189*)
 * 2008 Broadband data based on all adults 15+ with narrowband or those likely to get internet at home
 Source: Ofcom Communications Survey

Figure 175: Voluntary non-ownership of digital TV services, by age and socio-economic group



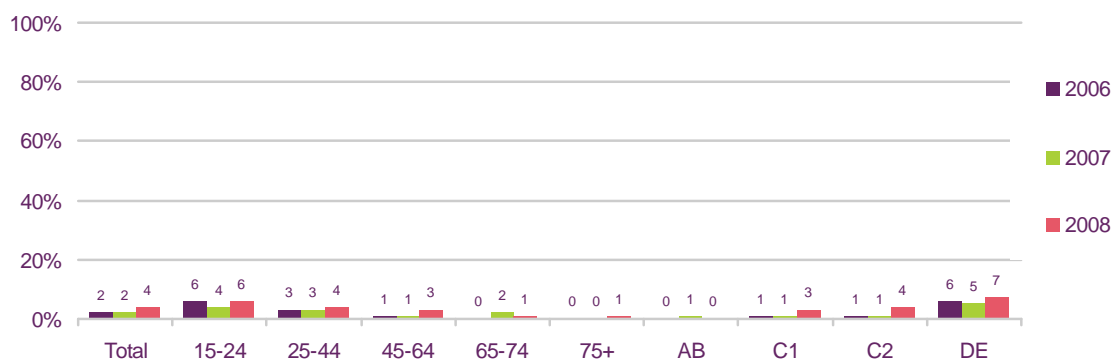
Base: All adults 15+ (Q4 2005, 2689) (Q1 2007, 2311) (Q2 2008, 2109)
 Source: Ofcom Communications Survey

Figure 176: Voluntary non-ownership of digital TV services, by income



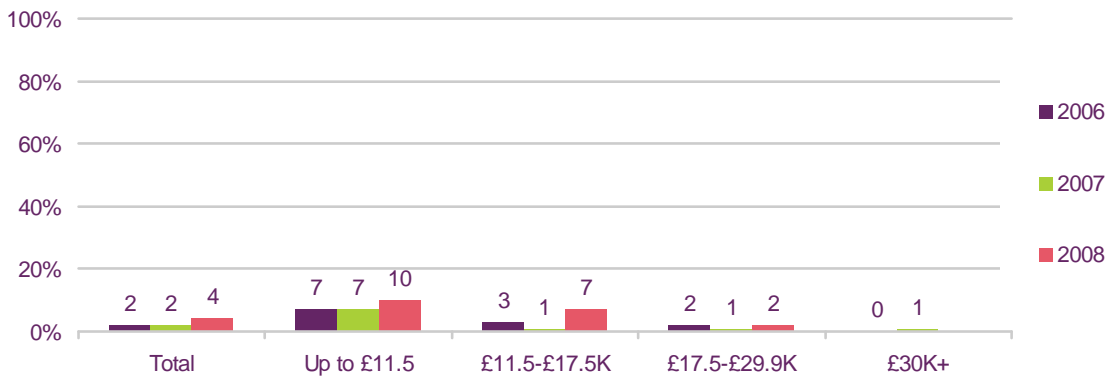
Base: All adults 15+ (Q4 2005, 2689) (Q1 2007, 2311) (Q2 2008, 2109)
 Source: Ofcom Communications Survey

Figure 177: Involuntary non-ownership of fixed line, by age and socio-economic group



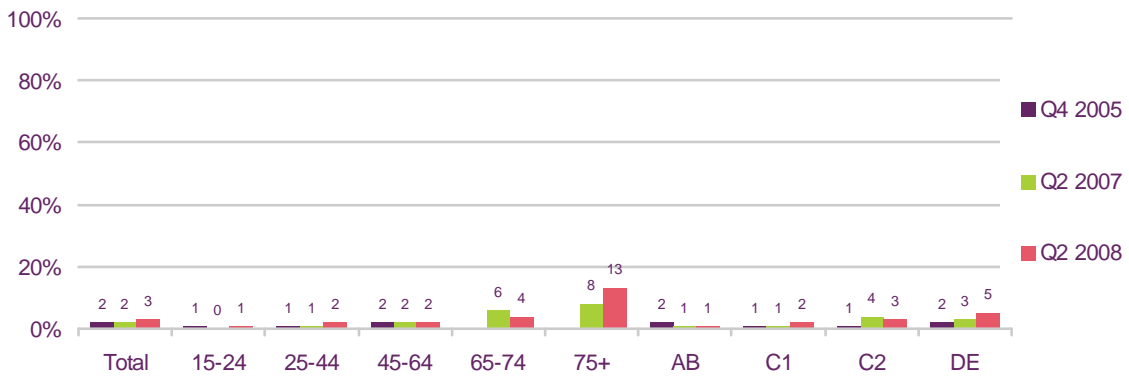
Base: All adults 15+ (Q2 2006, 2439) (Q2 2007, 2265) (Q2 2008, 2109)
 Source: Ofcom Communications Tracking Survey

Figure 178: Involuntary non-ownership of fixed line, by income



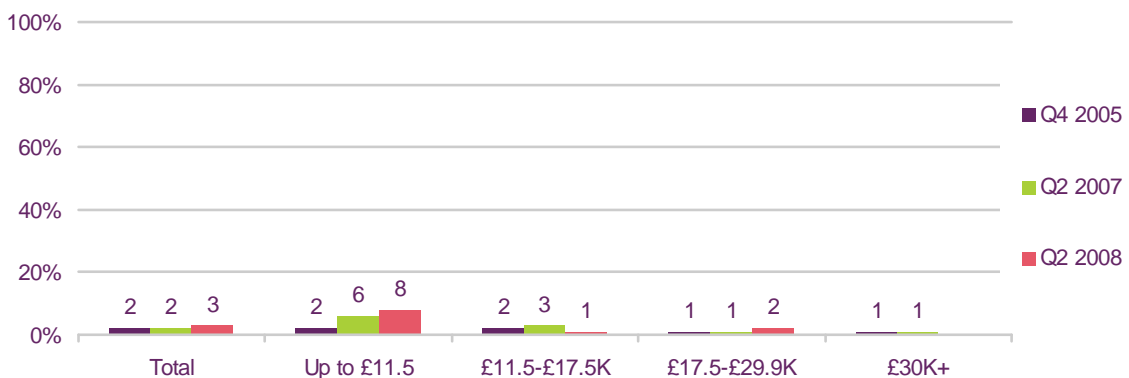
Base: All adults 15+ (Q2 2006, 2439) (Q2 2007, 2265) (Q2 2008, 2109)
 Source: Ofcom Communications Tracking Survey

Figure 179: Involuntary non-ownership of mobile services, by age and socio-economic group



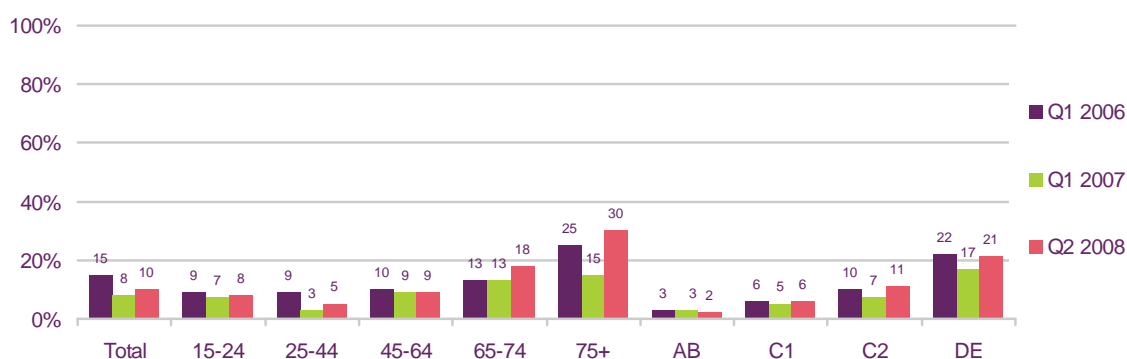
Base: All adults 15+ (Q4 2005, 2689) (Q2 2007, 1529) (Q2 2008, 2109)
 Source: Ofcom Communications Tracking Survey

Figure 180: Involuntary non-ownership of mobile services, by income



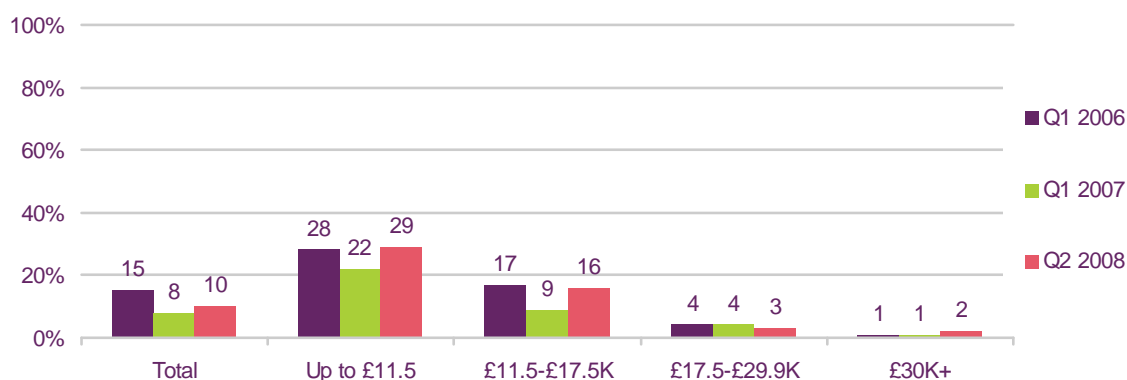
Base: All adults 15+ (Q4 2005, 2689) (Q2 2007, 1529) (Q2 2008, 2109)
 Source: Ofcom Communications Tracking Survey

Figure 181: Involuntary non-ownership of internet, by age and socio-economic group



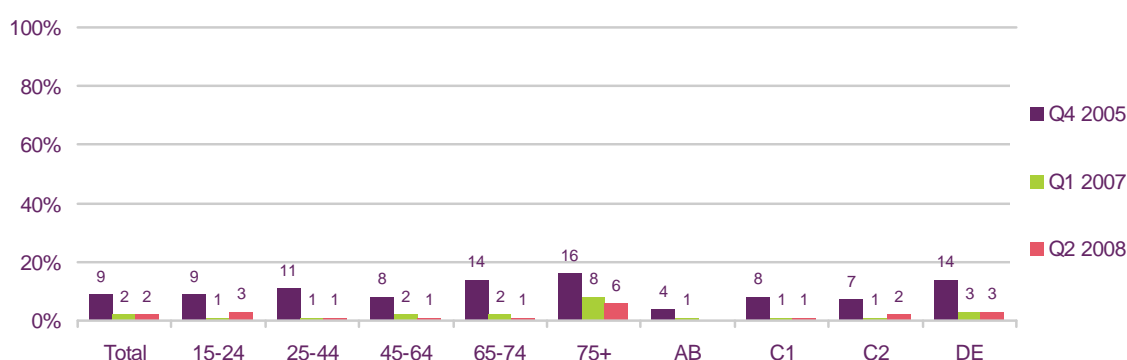
Base: All adults 15+ (Q1 2006, 1335) (Q1 2007, 1547) (Q2 2008, 2109)
 Source: Ofcom Communications Tracking Survey

Figure 182: Involuntary non-ownership of internet, by income



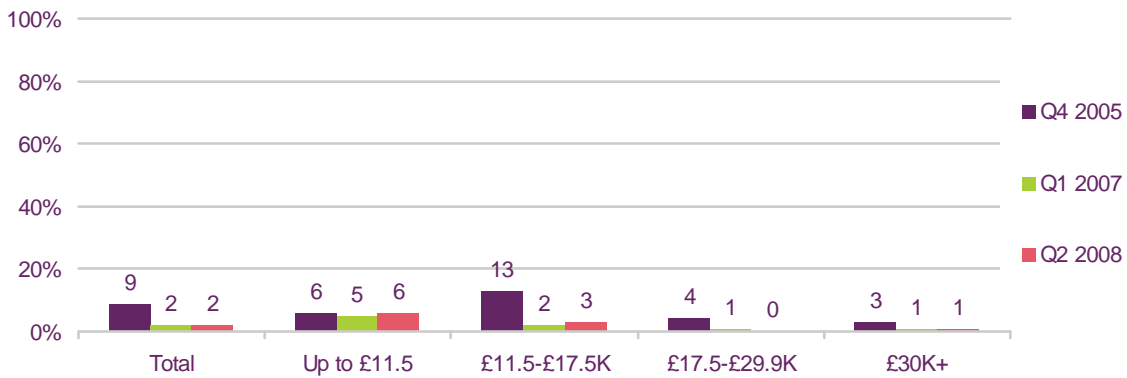
Base: All adults 15+ (2006, 1335) (2007, 1547) (Q2 2008, 2109)
 Source: Ofcom Communications Tracking Survey

Figure 183: Involuntary non-ownership of digital TV services, by age and socio-economic group



Base: All adults 15+ (2005, 2689) (Q12007, 2311) (Q2 2008, 2109)
 Source: 2005 Ofcom Consumer Panel Tracking Survey (November), 2007-2008 Ofcom Communications Tracking Survey

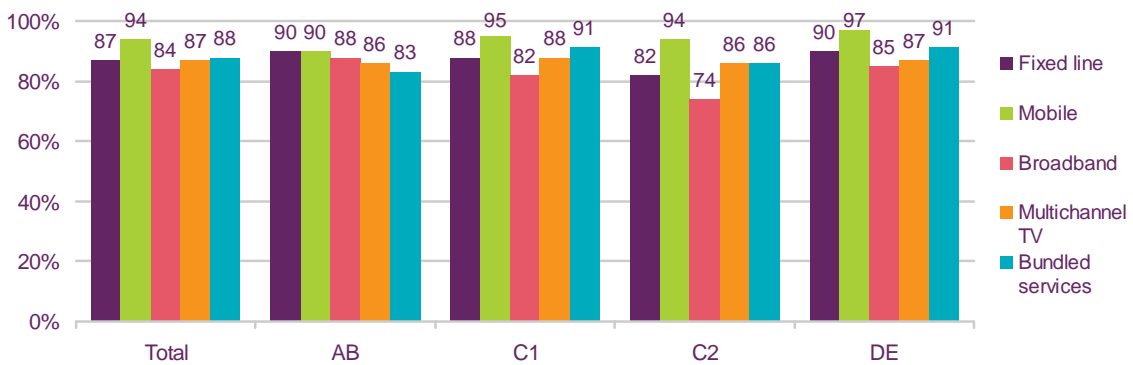
Figure 184: Involuntary non-ownership of digital TV services, by income



Base: All adults 15+ (2005, 2689) (Q1 2007, 2311) (Q2 2008, 2109)
 Source: 2005 Ofcom Consumer Panel Tracking Survey (November), 2007-2008 Ofcom Communications Tracking Survey

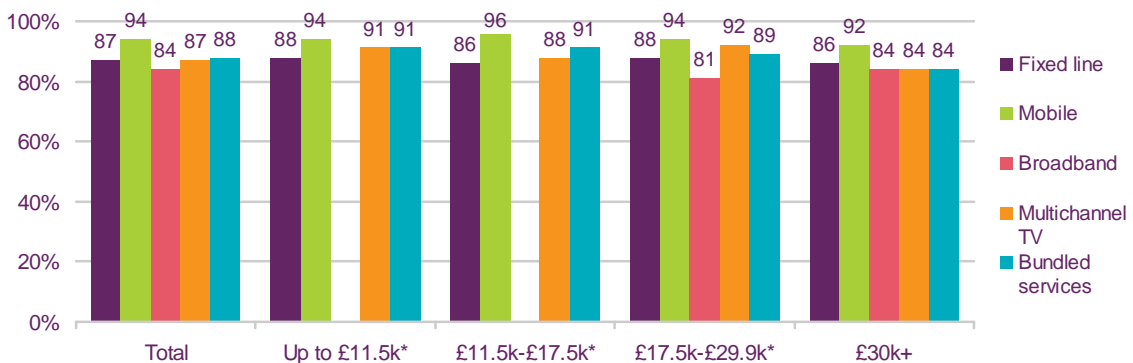
Satisfaction with suppliers

Figure 185: Satisfaction with overall services from communications suppliers, by socio-economic group



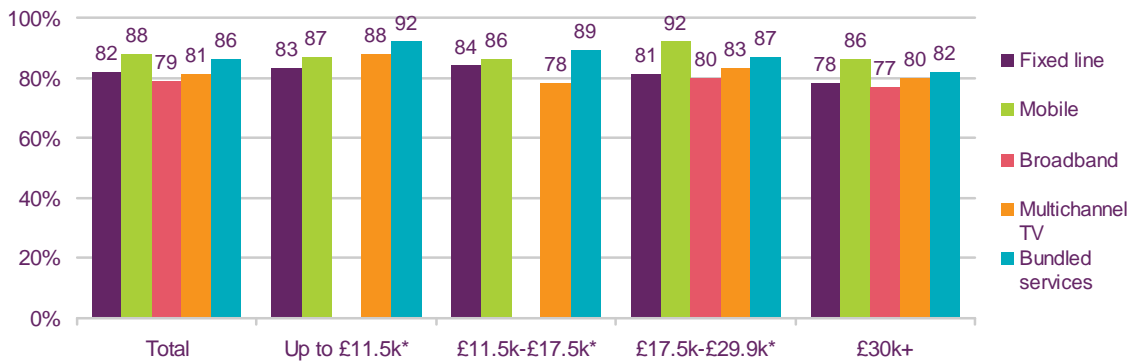
Base: All adults 15+ who are the decision maker and express an opinion on (fixed line July 2008, 928) (mobile July 2008, 1265) (broadband July 2008, 454) (multichannel TV July 2008, 891) (bundled services July 2008, 534)
 Source: Ofcom decision making survey 2008

Figure 186: Satisfaction with overall services from communications suppliers, by income



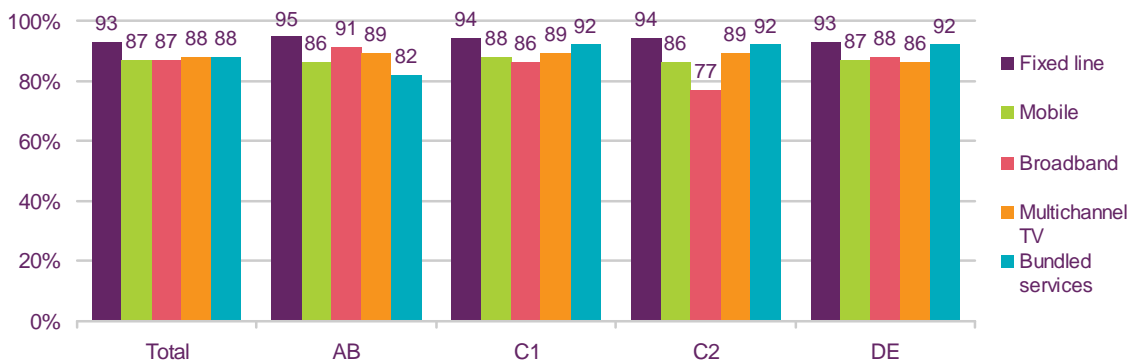
* Small base size treat as indicative only. Base size for two lowest income groups in broadband market too small to analyse.
 Base: All adults 15+ who are the decision maker and express an opinion on (fixed line July 2008, 928) (mobile July 2008, 1265) (broadband July 2008, 454) (multichannel TV July 2008, 891) (bundled services July 2008, 534)
 Source: Ofcom decision making survey 2008

Figure 187: Satisfaction with value for money, by income



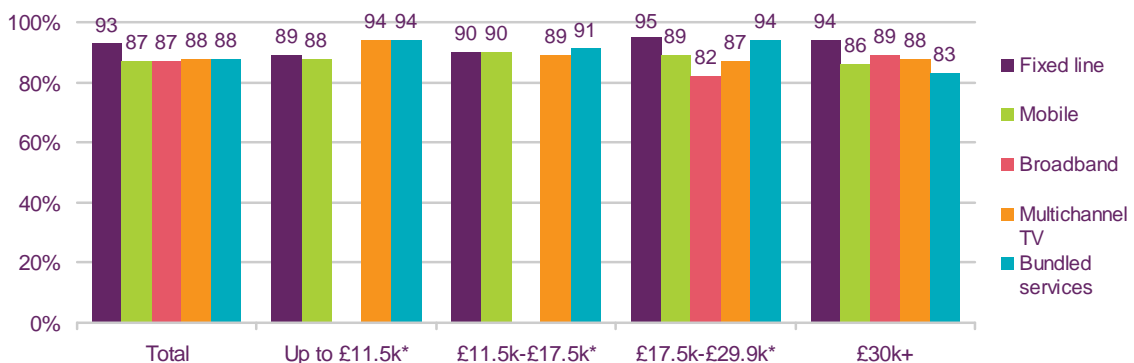
* Small base size treat as indicative only. Base size for two lowest income groups in broadband market too small to analyse. Base: All adults 15+ who are the decision maker and express an opinion on fixed line (909) mobile (1251) broadband (452) multichannel TV (876) bundled services (530) Source: Ofcom decision making survey, July 2008

Figure 188: Satisfaction with reliability of service, by socio-economic group



Base: All adults 15+ who are the decision maker and express an opinion on (fixed line Q3 2008, 928) (mobile Q3 2008, 1260) (broadband Q3 2008, 456) (multichannel TV Q3 2008, 889) (bundled services Q3 2008, 533) Source: Ofcom decision making survey 2008

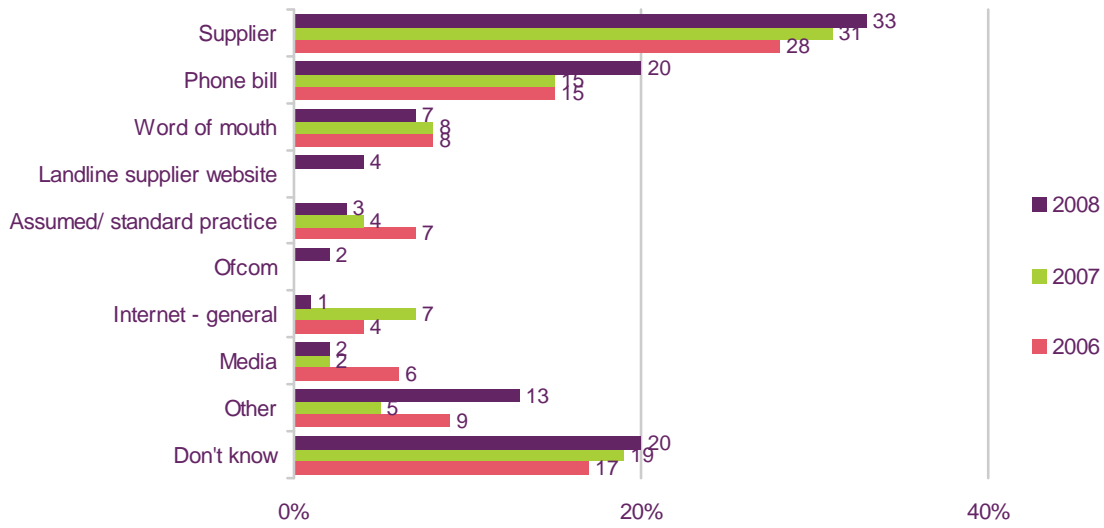
Figure 189: Satisfaction with reliability of service, by income



* Small base size. Base size for two lowest income groups in broadband market too small to analyse. Base: All adults 15+ who are the decision maker and express an opinion on (fixed line Q3 2008, 928) (mobile Q3 2008, 1260) (broadband Q3 2008, 456) (multichannel TV Q3 2008, 889) (bundled services Q3 2008, 533) Source: Ofcom decision making survey 2008

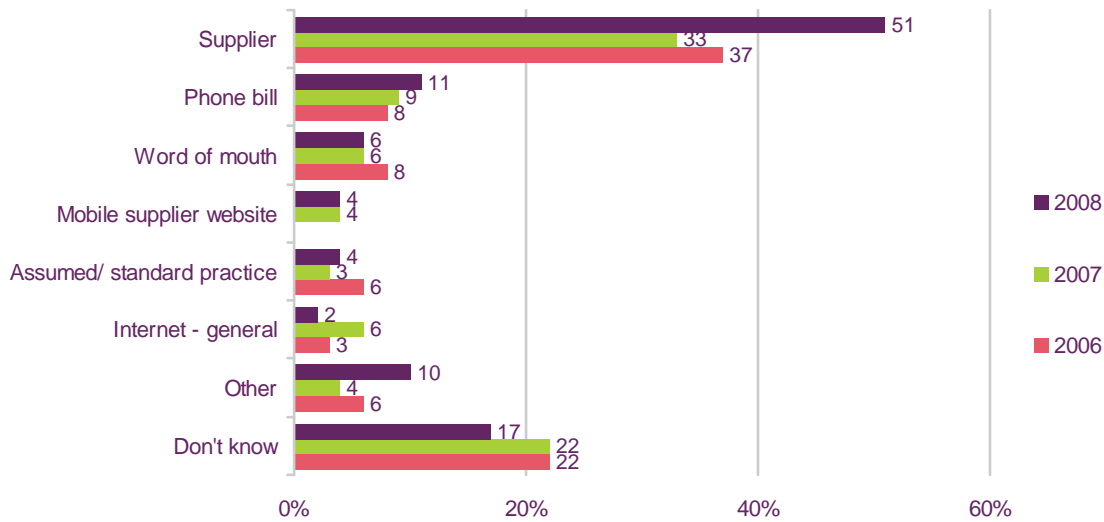
Awareness of right to receive an industry code of practice

Figure 190: Where people found out about their fixed line supplier's code of practice – total mentions



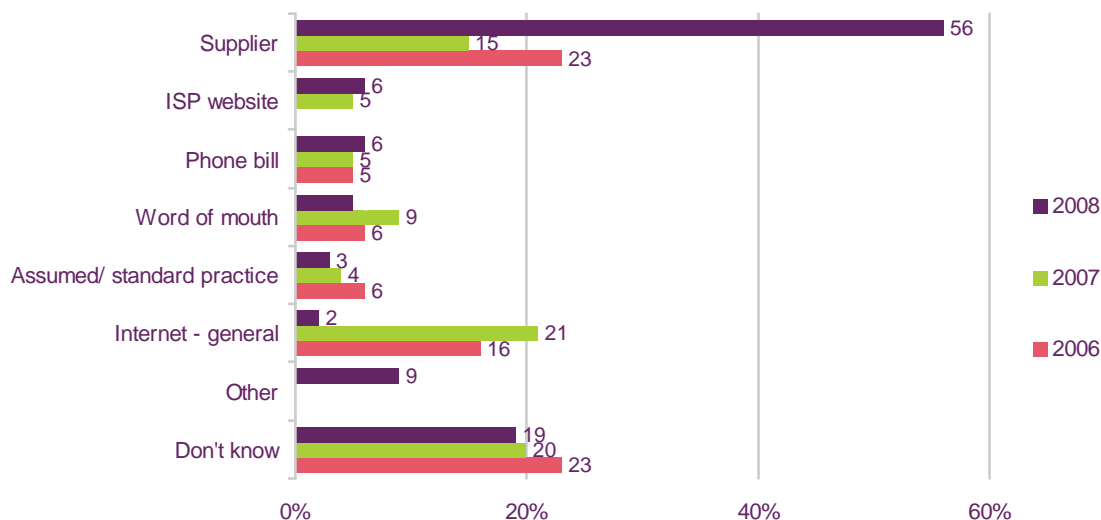
Base: All adults with fixed line who are aware of code of practice (2006, 1241) (2007, 608) (2008, 894)
 Source: Ofcom Communications Tracking Survey

Figure 191: Where people found out about their mobile supplier's code of practice – total mentions



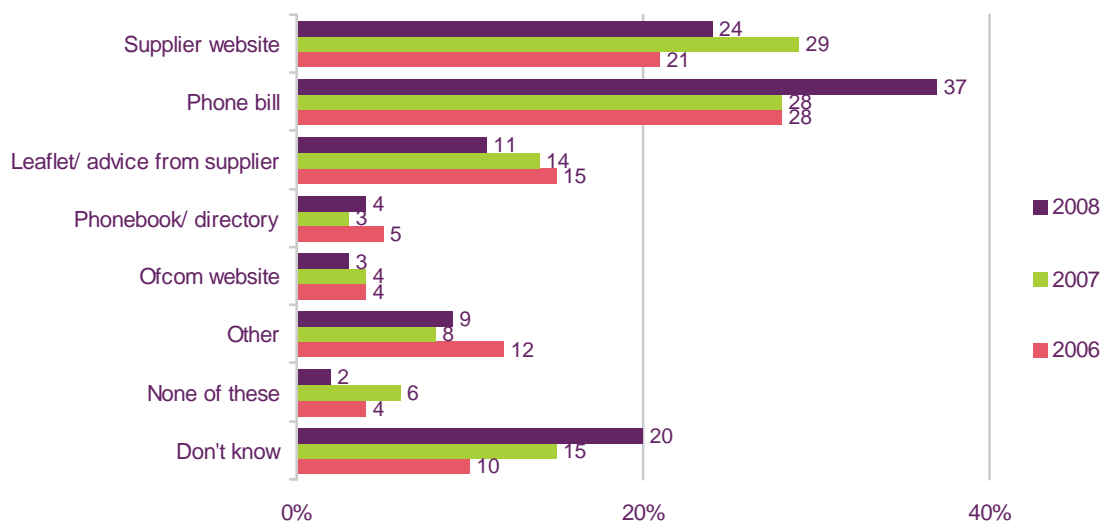
Base: All adults with mobile who are aware of code of practice (2006, 1241) (2007, 509) (2008,714)
 Source: Ofcom Communications Tracking Survey

Figure 192: Where people found out about their internet supplier’s code of practice – total mentions



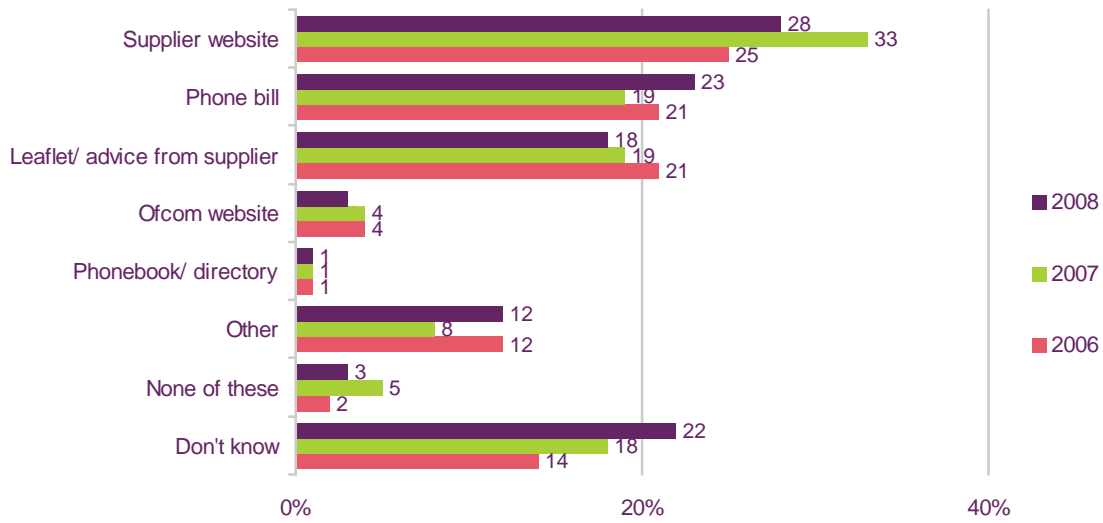
Base: All adults with internet who are aware of code of practice (2006, 733) (2007, 402) (2008, 650)
 Source: Ofcom Communications Tracking Survey

Figure 193: Where people would like to find their fixed line supplier’s code of practice – prompted



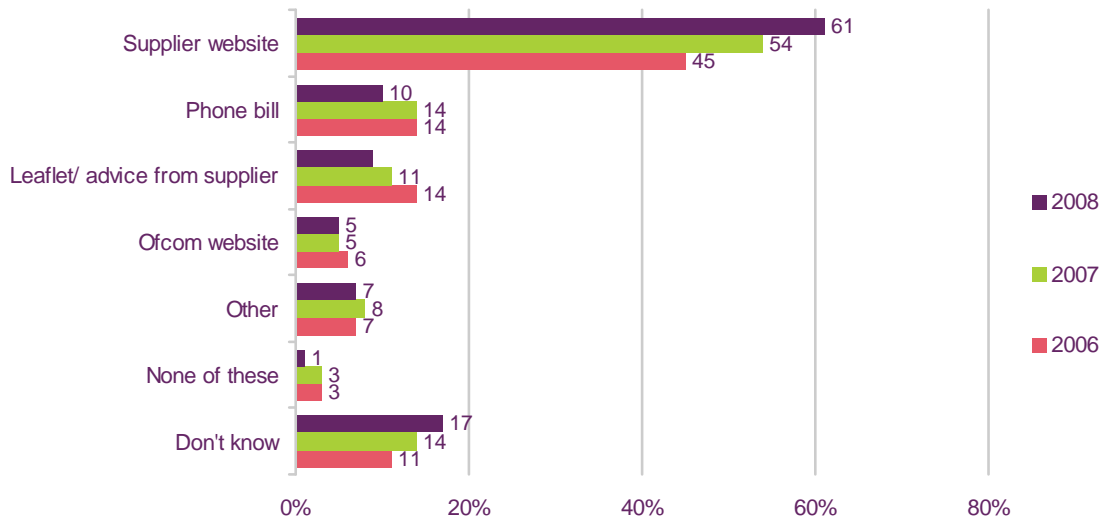
Base: All adults with fixed line (2006, 1272) (2007, 1401) (2008, 1845)
 Source: Ofcom Communications Tracking Survey

Figure 194: Where people would like to find their mobile supplier's code of practice – prompted



Base: All adults with mobile (2006, 1938) (2007, 1269) (2008, 1699)
 Source: Ofcom Communications Tracking Survey

Figure 195: Where people would like to find their internet supplier's code of practice – prompted



Base: All adults with internet (2006, 1646) (2007, 937) (2008, 1344)
 Source: Ofcom Communications Tracking Survey

Annex 3

Analysis of people with disabilities

- A3.1 The following data provide an indication of the levels of take-up of communications services among people with a visual, hearing or mobility impairment. Trend data among these populations can be subject to large variations and so should be treated with caution and viewed as indicative only.
- A3.2 Ofcom is unable to establish whether the fluctuations in the trend data are real changes. Common sense tells us that they are more likely to reflect the different demographic profiles of the samples being compared.
- A3.3 The data are collected via Ofcom's Communications Tracking survey which is designed to be representative of the UK adult population. Figure 198 illustrates how the demographic profile of the achieved sample changes year on year. Data are subject to large error margins, as achieved samples are less than 100 and data cannot be corrected with weighting, as reliable data on the demographic profile of disability groups are not available.
- A3.4 Ofcom will continue working with disability groups and research agencies with an objective to provide more robust data about disability groups in the future.

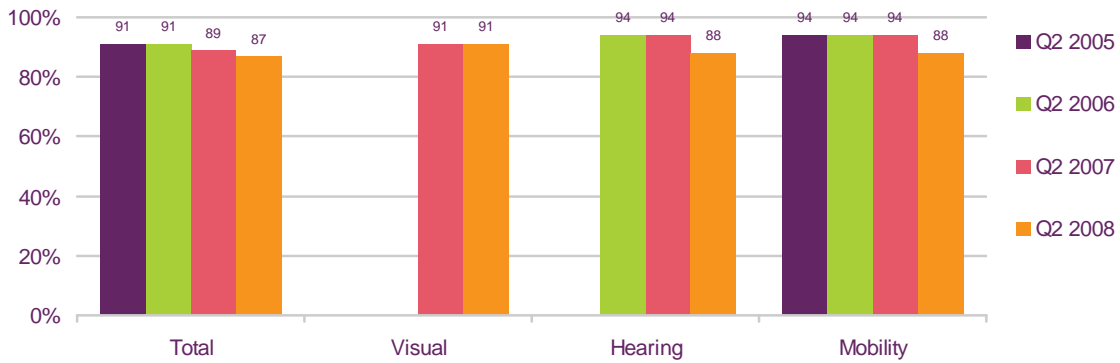
Figure 196: Changing profile of sample of disability groups

	Time period		Age				Socio-economic group			
	Q2	15-24	24-44	45-64	65+	AB	C1	C2	DE	
Visual impairment	2008	3%	12%	34%	50%	26%	16%	18%	39%	
	2007	10%	19%	34%	36%	24%	17%	16%	43%	
Hearing impairment	2008	6%	9%	23%	62%	17%	36%	16%	46%	
	2007	8%	21%	28%	43%	28%	24%	18%	30%	
Mobility impairment	2008	0%	12%	33%	55%	17%	20%	20%	43%	
	2007	11%	14%	35%	40%	22%	27%	13%	38%	

- A3.5 The table above illustrates that in 2008 the sample included a higher proportion of older consumers with a disability than in 2007. This has had a large impact on the overall findings and when analysing the trend data, gives the appearance of a fall in penetration of some communications services. However, this is unlikely to be the case and the 2008 figures are more likely than the 2007 data to reflect more heavily the behaviour of older consumers with disabilities. The key finding for 2008 is that older people with disabilities are less likely than younger consumers with disabilities to own communications services— an unsurprising finding and one which is consistent with the UK population as a whole.
- A3.6 There were also differences in the achieved sample according to socio-economic group, particularly for people with hearing impairments. The 2008 sample had a

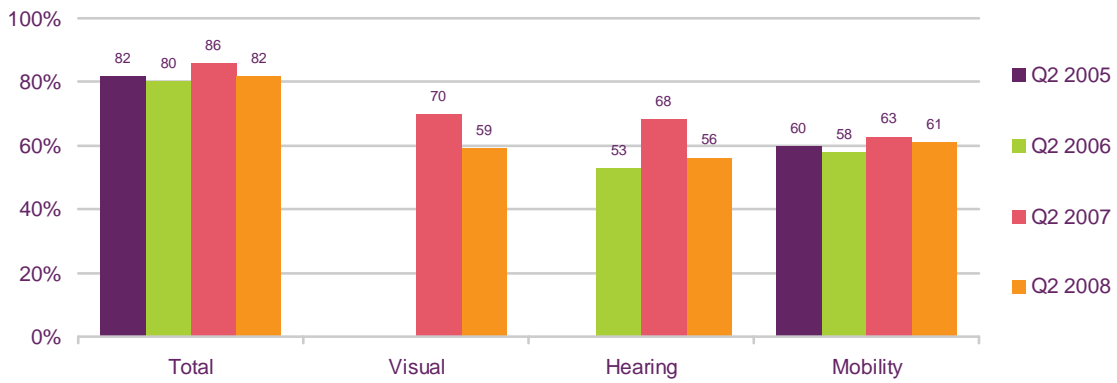
higher proportion of these in the DE group compared to 2007 (43% and 30% respectively). This is another factor likely to affect the data for this group.

Figure 197: Disability profile of consumers who have taken up fixed-line services



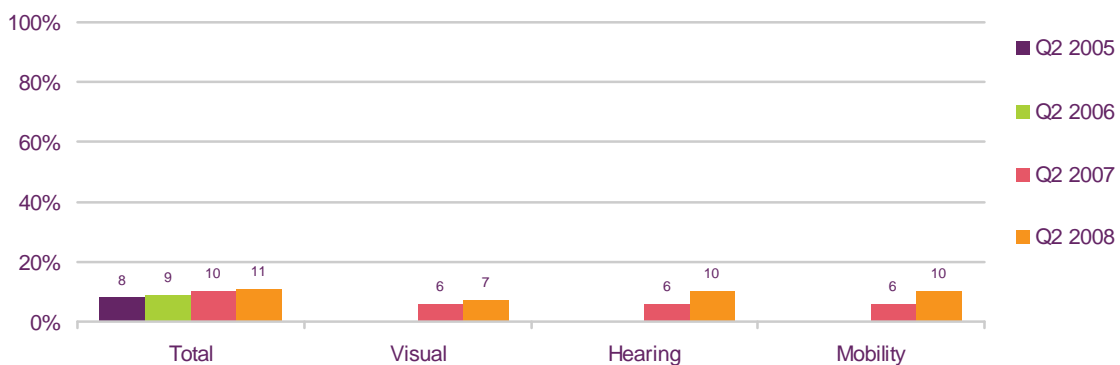
Source: Ofcom communication tracking survey
 Base: All adults (Q2 2005, 2206) (Q2 2006, 2439) (Q2 2007, 2265) (Q2 2008, 2109, 89 visual, 93 hearing, 171 mobility)

Figure 198: Disability profile of those who personally use mobile services



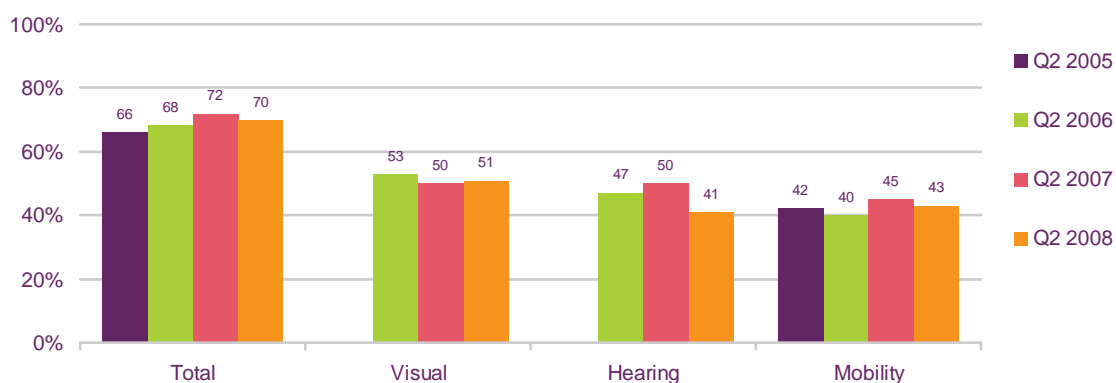
Source: Ofcom Communication Tracking Survey
 Base: All adults 15+ (Q2 2005, 2206) (Q2 2006, 2439) (Q2 2007, 2265) (Q2 2008, 2109, 89 visual, 93 hearing, 171 mobility)

Figure 199: Disability profile of users of mobile-only services



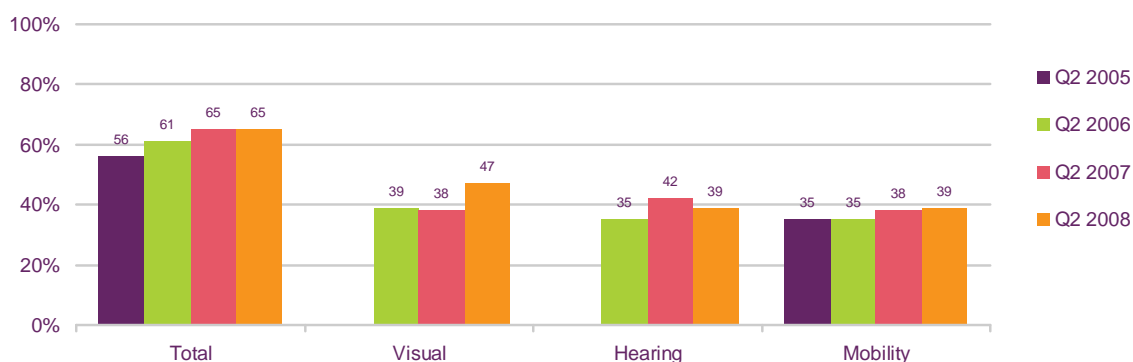
Source: Ofcom communication tracking survey
 Base: All adults 15+ (Q2 2005, 2206) (Q2 2006, 2439) (Q2 2007, 2265) (Q2 2008, 2109, 89 visual, 93 hearing, 171 mobility)

Figure 200: Disability profile of those who own a PC



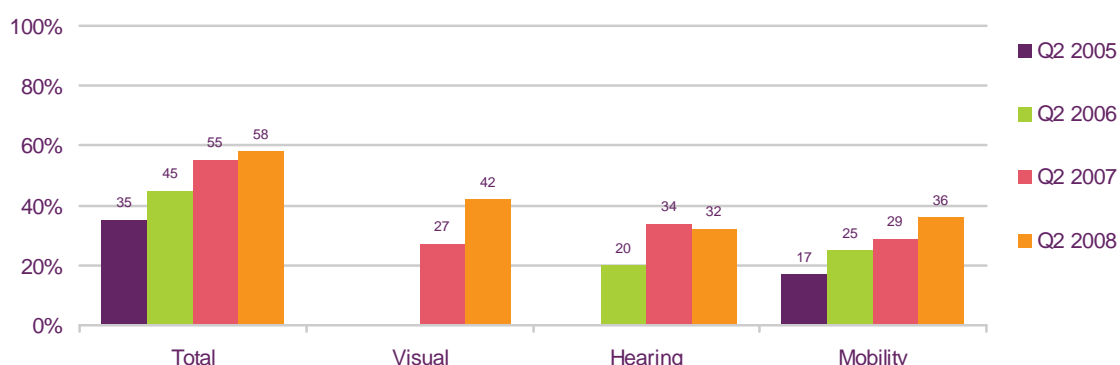
Source: Ofcom communication tracking survey
 Base: All adults 15+ (Q2 2005, 2206) (Q2 2006, 2439) (Q2 2007, 2265) (Q2 2008, 210989 visual, 93 hearing, 171 mobility)

Figure 201: Disability profile of those who have internet access at home



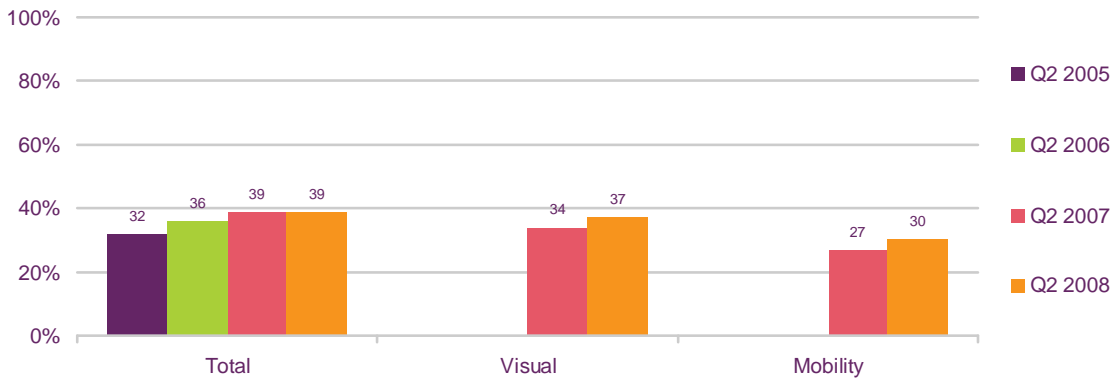
Source: Ofcom communication tracking survey
 Base: All adults 15+ (Q2 2005, 2206) (Q2 2006, 2439) (Q2 2007, 2265) (Q2 2008, 2109, 89 visual, 93 hearing, 171 mobility)

Figure 202: Disability profile of those who have broadband access at home



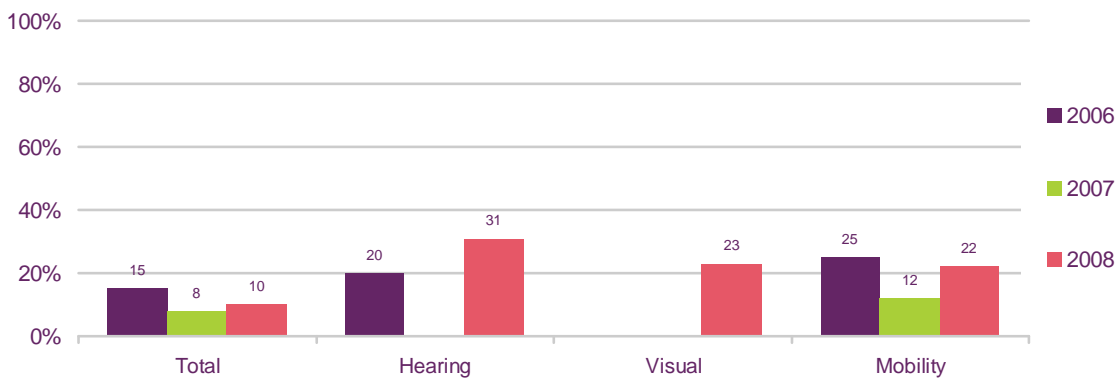
Source: Ofcom communication tracking survey
 Base: All adults (Q2 2005, 2006) (Q2 2006, 2439) (Q2 2007, 2265) (Q2 2008, 2109, 89 visual, 93 hearing, 171 mobility)

Figure 203: Disability profile of owners aware that they have digital radio access



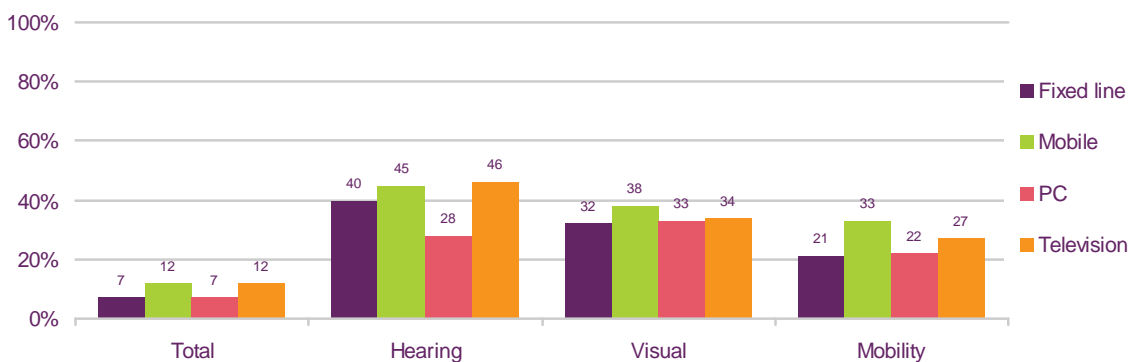
Source: Ofcom communication tracking survey
 Base: All adults 15+ (Q2 2005, 2206) (Q2 2006, 2439) (Q2 2007, 2265) (Q2 2008, 2109, 89 visual, 93 hearing, 171 mobility)

Figure 204: Involuntary non-ownership of internet, by disability



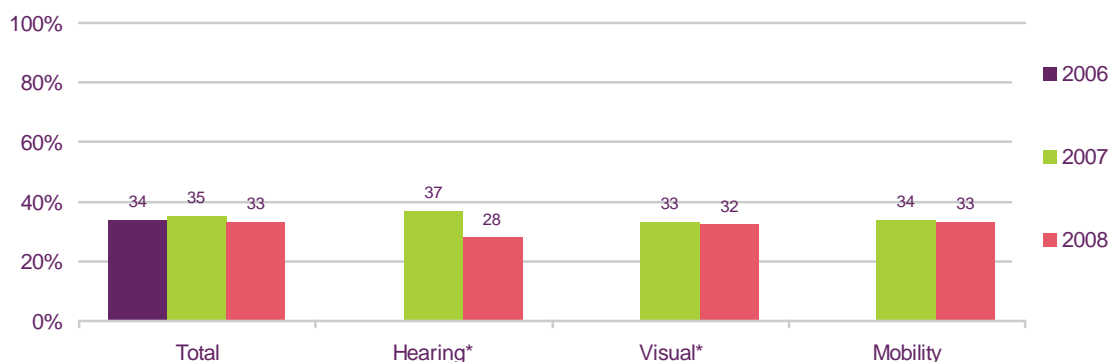
Source: Ofcom Communication Tracking Survey
 Base: All adults 15+ (Q2 2006, 1335) (Q2 2007, 1547) (Q2 2008, 2109, 89 visual, 93 hearing, 171 mobility)

Figure 205: Difficulties using various communications services, by disability



Source: Ofcom Communication Tracking Survey
 Base: All adults 15+ (Q2 2008, 2109, 89 visual, 93 hearing, 171 mobility)

Figure 206: Ever switched fixed-line supplier in household, by disability

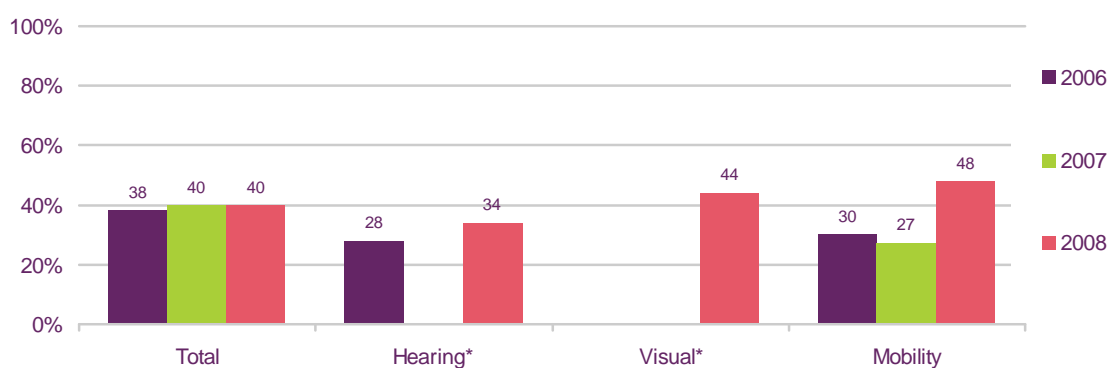


* Small base size treat as indicative only

Source: Ofcom communications tracking survey/ decision making survey

Base: All adults 15+ with a fixed line (Q2 2006, 2234) (Q2 2007, 1329), all fixed-line decision makers (Q3 2008, 941)

Figure 207: Ever switched mobile supplier in household, by disability

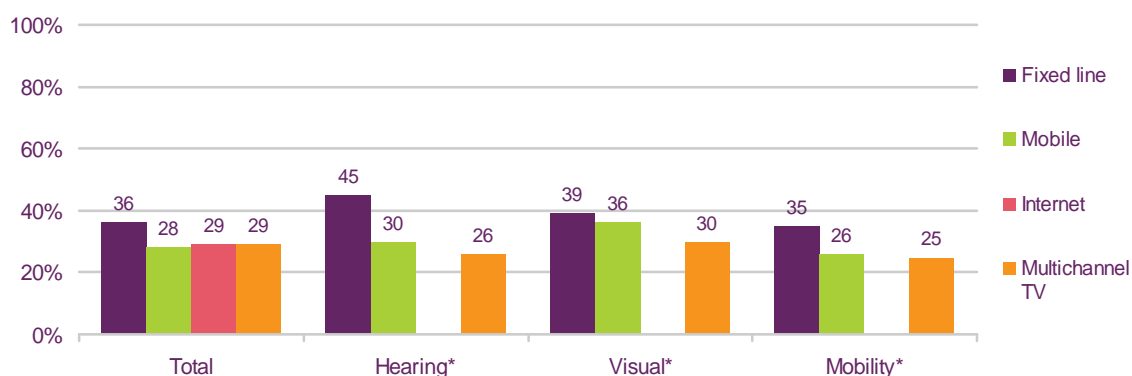


* Small base size treat as indicative only

Source: Ofcom communications tracking survey/ decision making survey

Base: All adults 15+ with a mobile phone (Q2 2006, 1883) (Q2 2007, 1273), all mobile phone decision makers (Q3 2008, 1270)

Figure 208: Disability profile of those who find it difficult to make cost comparisons

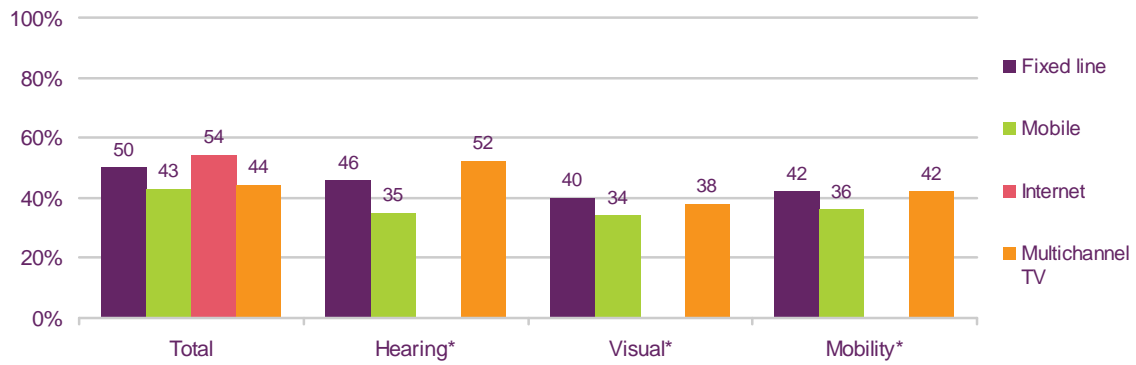


* Small base size treat as indicative only. Base too low to be reported for internet decision makers

Source: Ofcom decision making survey Q3 2008

Base: Fixed-line decision makers (941) mobile decision makers (1270) broadband decision makers (460) multichannel TV decision makers (896)

Figure 209: Disability profile of those who find it difficult to make quality of service comparisons



* Small base size treat as indicative only. Base too low for internet decision makers

Source: Ofcom decision making survey Q3 2008

Base: Fixed-line decision makers (941) mobile decision makers (1270) broadband decision makers (460) multichannel TV decision makers (896)

Annex 4

Comparative international pricing: methodology, baskets and limitations

A4.1 Methodology

Full details of the methodology are provided in an Appendix to *Ofcom's International Communications Report 2008* (available at: <http://www.ofcom.org.uk/research/cm/>), but the basic principles are as follows.

- We constructed five 'typical' household types, which collectively may be seen as representative of the average population across our countries, and defined a basket of communications services (fixed-line voice, mobile, broadband, TV) appropriate for each household type.

Figure 210: Household types

"Typical" household type	Fixed voice	Intern'l voice	Mobile voice	Mobile messaging	Fixed-line broadband	Mobile broadband	Television
1 A retired low-income couple	Low	-	-	-	-	-	Basic
2 A couple of late adopters	Medium	Low	Low	-	Low	-	Basic
3 A single mobile-only user	-	Medium	High	High	-	High	Pay TV
4 A "networked" family	High	Medium	Medium	High	Medium	-	Pay TV
5 Affluent couple with sophisticated use	-	High	-	Medium	High	-	Premium pay TV

Source: Ofcom

- A wide range of components were included within the baskets to ensure as accurate as possible a representation of the real costs consumers pay. For example:
 - Fixed voice minutes were distributed by whether they were for fixed or mobile lines, by call distance (local, regional, national and international, including a range of international destinations), and time of day (day, evening, weekend).
 - In addition, mobile calls (and messaging) were split between on-net and off-net, and voicemail was included.
 - Call set-up and per-minute charging was incorporated, and a range of call lengths were used (distributed around a defined mean based on averages across 30 OECD countries).
 - Incoming calls were included, in recognition of the different pricing mechanism in the USA.
 - The broadband component was defined both by minimum headline speed and by minimum data and time online requirements
 - The television element included the licence fee, a digital receiver and (for some baskets) a DVR. Because of difficulties in comparing programming bundles, two

tiers of pay-TV were considered: the most basic service available above the channels available on free-to-air TV; and a premium service defined by first-run movies from the major Hollywood studios and the best package of top-tier football matches

- The average monthly use across all of the baskets was adjusted to ensure that it was closely aligned with average use across the households (for example, the average number of outbound minutes per fixed line across the six countries in 2007 was 298 minutes; our average number of fixed minutes across our five households is 300 minutes).
- Mobile phones, broadband routers, digital set-top boxes and DVRs are included within the baskets (and amortised over an appropriate period in order to attribute a monthly cost). This is necessary because they are often inseparable from the service price, as operators frequently include subsidised or 'free' equipment (for example a mobile phone or a wireless router) within the monthly subscription. For similar reasons, connection and/or installation costs are included.
- In July 2008, detailed data about every tariff and every tariff combination from the largest three operators in each country by retail market share were collected (or for more than three operators, if required to ensure that a minimum of 80% of the overall market was represented). Multi-play tariffs (i.e. those which incorporate more than one service) were also collected. Only tariffs available on the web site of the operators were included.
- Across the six countries, the tariff data included comprised:
 - fixed voice: 742 tariff options across 29 providers;
 - mobile: 2481 tariff options across 23 providers;
 - broadband: 324 tariff options across 41 providers; and
 - television: 500 tariff options across 36 providers.
- Our model identifies the tariffs that offers the lowest price for meeting the requirements of each of the household baskets.
- All prices are converted back to UK currency using a Purchasing Power Parity (PPP) adjustment, based on OECD comparative price levels and the exchange rate in July 2008.

A4.2 Baskets

Further detail on the baskets is provided in an Appendix to *Ofcom's International Communications Report 2008* (available at <http://www.ofcom.org.uk/research/cm/>), but the basic components are as follows:

Basket 1: low-use household with basic needs

Our first basket contains a usage pattern typical of a retired low-income couple in any of our comparator countries. They rely on a fixed-line phone for communications and spend around seven and a half minutes a day making calls, the majority of which are local. They only occasionally make calls to mobiles and do not make any international calls. They watch free-

to-air multichannel digital television, which is available in all of our countries (largely via satellite in Germany and via the terrestrial platform in the other countries).

Figure 211: Composition of Basket 1

Fixed-line voice	Mobile	Broadband	Television
Total outbound: 225mins - Local: 61% - Regional: 14% - National: 22% - To mobile: 3% - Daytime: 58% - Evening: 25% - Weekends: 17%	No connection	No connection	Free-to-air digital television --- 1 digital receiver / set-top box

Source: Ofcom

Basket 2: broadband household with basic needs

The second basket is representative of a couple of 'late adopters' who are fairly heavy users of the fixed-line phone, have one mobile between them which they use occasionally and have a basic broadband connection.

Figure 212: Composition of Basket 2

Fixed-line voice	Mobile	Broadband	Television
Total outbound: 430mins - Local: 65% - Regional: 18% - National: 11% - International: 3% - To mobile: 3% - Daytime: 3% - Evening: 25% - Weekends: 17%	One basic handset Voice: Total outbound: 60mins To national fixed: 24% To on-net mobile: 38% To off-net mobile: 38% Total inbound: 60mins Daytime: 48% Evening: 25% Weekend: 47%	Basic fixed-line connection Minimum speed: 1Mbit/s Minimum usage: 0.5GB Minimum hours: 10	Free-to-air digital television --- 1 digital receiver / set-top box

Source: Ofcom

Basket 3: mobile 'power user'

The third basket represents a single-person household typical of a young professional or student. This person has eschewed fixed-line telecoms and is instead a heavy user of both a mobile phone and of mobile broadband (using a mobile 'dongle' to connect to the internet on a laptop computer).

Figure 213: Composition of Basket 3

Fixed-line voice	Mobile	Broadband	Television
No connection	One high-end handset Voice: Total outbound: 550mins To national fixed: 13% To on-net mobile: 37% To off-net mobile: 37% To international: 6% Total inbound: 550mins Daytime: 48% Evening: 25% Weekend: 47% Messaging and data: SMS: 150 MMS: 10 Internet: 100MB / 300mins	Mobile broadband connection Minimum speed: 1Mbit/s Minimum usage: 3GB Minimum hours: 15	Entry-level pay-TV subscription (including channels which are not available via free digital television) --- 1 digital receiver / set-top box

Source: Ofcom

Basket 4: family household with multiple needs

Basket 4 represents a family of two parents and two children, all with their own mobile handsets but with different mobile needs, with the adults using more voice and the children more messaging. However, they are cost conscious and favour using the fixed-line phone whenever possible, which gets fairly heavy use. The family are also heavy users of the internet, requiring a minimum connection speed of 4Mbit/s, and subscribe to entry-level pay-TV services.

Figure 214: Composition of Basket 4

Fixed-line voice	Mobile	Broadband	Television
Total outbound: 600mins - Local: 68% - Regional: 9% - National: 14% - International: 7% - To mobile: 2% - Daytime: 59% - Evening: 25% - Weekends: 16%	One high-end handset One mid-range handset Two basic handsets Mobile connection 1 Voice: Total outbound: 300mins To national fixed: 17% To on-net mobile: 33% To off-net mobile: 33% To international: 10% Voicemail: 7% Total inbound: 300 mins Messaging and data: SMS: 30 Internet: 30MB / 100mins Mobile connection 2 Voice: Total outbound: 180mins To national fixed: 20% To on-net mobile: 34% To off-net mobile: 34% Voicemail: 6% Total inbound: 180mins Messaging and data: SMS: 160 MMS: 4 Mobile connection 3 Voice: Total outbound: 60mins To national fixed: 30% To on-net mobile: 30% To off-net mobile: 30% Voicemail: 10% Total inbound: 60mins Messaging and data: SMS: 70 MMS: 2 Mobile connection 4 Voice: Total outbound: 60mins To national fixed: 30% To on-net mobile: 30% To off-net mobile: 30% Voicemail: 10% Total inbound: 60mins Messaging and data: SMS: 65 MMS: 2	Fixed-line broadband connection Minimum speed: 4Mbit/s Minimum usage: 5GB Minimum hours: 50	Entry-level pay-TV subscription (including channels which are not available via free digital television) --- 1 digital receiver / set-top box

Source: Ofcom

Basket 5: affluent two-person household with high use of mobile, internet and premium TV

Our final basket is typical of a young couple of high-end users who have low price sensitivity. They both have mobile connections and are fairly high users of voice and (to a lesser extent) SMS. They also have a fixed line, but this has relatively low use. They have a fast broadband connection and are heavy users, and have a premium television package for watching sport and the latest movies, and also a digital video recorder (DVR).

Figure 215: Composition of Basket 5

Fixed-line voice	Mobile	Broadband	Television
Total outbound: 250mins - Local:56% - Regional:10% - National: 18% - International: 6% - To mobile: 11% - Daytime: 59% - Evening: 25% - Weekends: 16%	One high-end handset One mid-range handset Mobile connection 1 Voice: Total outbound: 400mins To national fixed: 20% To on-net mobile: 29% To off-net mobile: 29% To international: 14% Voicemail: 8% Total inbound: 400mins Messaging and data: SMS: 80 Internet: 30MB / 100mins Mobile connection 2 Voice: Total outbound: 200mins To national fixed: 30% To on-net mobile: 30% To off-net mobile: 30% Voicemail: 10% Total inbound: 200mins Messaging and data: SMS: 20	Fixed-line broadband connection Minimum speed: 8Mbit/s Minimum usage: 5GB Minimum hours: 50	Premium pay-TV subscription, including: - Best package of live top-flight football / NFL - Film package including first-run major studio movies - PVR service --- 1 digital receiver 1 DVR

Source: Ofcom

A4.3 Limitations to the research

In order to provide an illustration of the representative prices for the individual services in each country, we identify the lowest prices available for each basket from each of the three largest operators for each service in each country (or more than three, in countries where the collective retail market share of the three largest operators is less than 80%), and then report the average price offered, weighted by the market share of the service provider in order to ensure fair representation. We believe that this basket-based approach is the most useful way of comparing international pricing of communications services. Nevertheless, there are some limitations to our methodology and the following notes and caveats are important in interpreting the analysis below.

- An important limitation is that single-service offers are sometimes not available from leading suppliers. For example, in the UK, TalkTalk tariffs only offer broadband together with fixed voice, while BSkyB only offers broadband together with television. In Spain over 80% of broadband is purchased in association with another service.
- The analysis assumes a wholly rational consumer who has a full understanding of his or her usage requirements and is prepared to shop around and undertake some often quite complex calculations to identify the tariff which offers the best value. Clearly, in reality, many consumers do not act in this way, but we believe the assumption is necessary in order to provide effective international comparisons. It should be noted, however, that another measure of consumer choice and the competitive environment is the complexity of tariff structures and the ease of selecting an appropriate tariff, or switching to an appropriate tariff.
- In looking only at tariffs offered by the largest operators in each country, lower prices which might be available from smaller operators seeking to disrupt markets are not included, purely for practical reasons. Nevertheless, we believe that using the prices

of the largest operators is appropriate, both because they are the best reflection of the general consumer experience and because they are, in large part, defined by the competitive environment in which they operate.

- Although we have been as comprehensive as possible, tariffs are often highly complicated and there are some components that we have been unable to incorporate into our model. For example, we have not been able to incorporate the benefits available from fixed line and mobile tariffs, which include free or reduced rates to nominated 'friends and family' numbers.
- In order to calculate the weighted average, we have used market share calculations based on operators' retail customers. It should be noted that market share calculations are based on the overall subscriber base, not the subscriber base for the particular tariff (for which data are not available).
- Pay-TV services constitute a component of three of the baskets we examine. However, it has not been possible to compare like-for-like subscriptions because of differences in the composition of basic and premium channels across the six countries. As a consequence, quantitative comparison of international TV pricing is arguably less meaningful than for telecoms services. This issue is also present in the pricing of triple-play services, where there is large variation in TV content.
- For some communications services in some countries there are only two operators with nationwide coverage (or only one for many premium TV offerings) and/or significant market share. In these instances, we have identified the best-value tariff from each of them and calculated a blended average based on their market shares.
- Some services are not available nation-wide. This is particularly true for services which are available only where local exchanges have been unbundled, and for IPTV, which requires a high-speed broadband connection, but is also true for cable TV and all types of broadband.
- In this year's analysis, we have not defined whether the mobile phone component in a basket is pre-pay or post-pay. We believe that this enables better international comparison, given the very different pre-pay / post-pay splits in different countries (for example, around 90% of Italian mobile connections are pre-pay, while around 90% of US mobile connections are post-pay). However, a consequence is that the analysis does not recognise the different characteristics of the services; for example, a pre-pay mobile may be the only option available to consumers with a poor credit rating, while pre-pay also has advantages for those who vary their usage levels month by month.
- Pricing for the US as a whole is problematical to identify, due to large regional variations where local incumbent telco operators and cable operators offer localised prices for fixed line services. We have only used tariffs available within the state of Illinois. This state has been chosen as reasonably representative of the USA as a whole, in terms of its relative wealth and rural-urban split (it incorporates the city of Chicago as well as large agricultural regions). Nevertheless, the US pricing should not be viewed as representative of the whole country.

Characteristics of Spanish market which may affect analysis

Firstly, our methodology has an average mobile call length of between 1.5 and 1.8 minutes, depending on the mobile profile (this is based on average call lengths across OECD countries). Unlike the other countries analysed, which overwhelmingly only have per-second

or per-minute charging, Spanish mobile pricing is characterised by an initial call set-up charge for virtually all calls (prices vary between call types and operators but are typically between 12c and 30c). This therefore constitutes a large proportion of the overall price of calls. The absolute and relative price of Spanish mobile would fall significantly if the average call length was increased.

Secondly, our methodology assumes that consumers have an exact understanding of their usage requirements and select the tariff which offers the lowest price available to them. It attributes no benefits to flexibility offered by tariffs which allow users to vary their usage from month to month and pay accordingly. This is the case with most Spanish post-pay tariffs, where line rental is typically low but there are few inclusive minutes or messages, with a much larger proportion of the charging being on a metered basis than is the case with tariffs in other countries.

Annex 5

Glossary of terms and definitions

2G Second generation of mobile telephony systems. Uses digital transmission to support voice, low speed data communications, and short messaging services.

3G Third Generation Cellular Mobile.

ABC1 The aggregate of socio economic groups A, B and C1 (see SEG)

ADSL Asymmetric Digital Subscriber Line. A digital technology that allows the use of a standard telephone line to provide high speed data communications. Allows higher speeds in one direction (towards the customer) than the other.

Broadband a service or connection which capable of supporting always-on services which provide the end-user with high data transfer speeds. Large-capacity service or connection allowing a considerable amount of information to be conveyed often used for transmitting bulk data or video or for rapid Internet access.

Bundling Tying one service or product to the supply of others including some situations where the supply of services are linked through the use of discounts

Cancel other Industry term for a customer's current provider cancelling the request from a new supplier to switch their customers account, due to the customer being slammed.

Cashback Form of promotion offered to customers, in which a customer signs up for a mobile phone network, and in return is reimbursed for a proportion of the line rental payable under that contract.

C2DE The aggregate of socio-economic groups C2, D and E (see SEG)

Communications Act 2003 Communications Act 2003, which came into force in July 2003.

Complaints code of practice Document required of all communications providers that is easily accessible to consumers and sets out the correct procedures for consumers to follow should they need to make a complaint

Connection speed The rate information can be transferred from the Internet to a computer. Dependent on the type of connection, i.e. modem, cable, DSL, etc

Contention ratio An indication of the number of customers who share the capacity available in an ISPs broadband network. (Figures of 50:1 for residential broadband connections and 20:1 for business are typical).

CPS Carrier pre-selection. The facility offered to customers which allows them to opt for certain defined classes of call to be carried by an operator selected in advance (and having a contract with the customer) without having to dial a routing prefix, use a dialler box, or follow any other different procedure to invoke such routing.

DAB Digital Audio Broadcasting. A set of internationally accepted standards for the technology by which terrestrial Digital Radio multiplex services are broadcast in the UK.

Discounted bundle Purchasing two or more services from a single supplier for a discounted rate

DSL Digital Subscriber Line. A family of technologies generally referred to as DSL, or xDSL, capable of transforming ordinary phone lines (also known as 'twisted copper pairs') into high-speed digital lines, capable of supporting advanced services such as fast Internet access and video-on-demand. ADSL, HDSL (High data rate Digital Subscriber Line) and VDSL (Very high data rate Digital Subscriber Line) are all variants of xDSL).

DSO Digital switchover. The process of switching over the current analogue television broadcasting system to digital, as well as ensuring that people have adapted or upgraded their televisions and recording equipment to receive digital TV.

DTT Digital Terrestrial Television. Currently most commonly delivered through the Freeview service.

DVR Digital Video Recorder

Digital TV Digital television

Free to Air Television service which can be received in a given area without charge to the viewer. Some free-to-air services may be broadcast in scrambled form in order to limit access to viewers in a specific geographic area. Other free-to-air services may be broadcast in the clear - ie unscrambled.

Freeview Free digital service giving access to over 30 TV channels, over 20 radio stations plus a new whole world of interactive services

FSA Financial Services Authority

ICSTIS Independent Committee for the Supervision of Standards of Telephone Information Services. Now called PhonepayPlus

Internet A global network of networks, using a common set of standards (e.g. the Internet Protocol), accessed by users with a computer via a service provider.

Involuntary non-ownership Where potential consumers are without access to a service but not through choice

ISP Internet Service Provider. A company that provides access to the internet

IPTV Internet Protocol Television. The term used for television and/or video signals that are delivered to subscribers or viewers using Internet Protocol (IP), the technology that is also used to access the Internet. Typically used in the context of streamed linear and on-demand content, but also on a single link network

Kbit/s Kilo bits per second (1,000 bits per second). A unit of measurement of data transmission speed

LLU Local Loop Unbundling. Process by which a dominant provider's local loops are physically disconnected from its network and connected to competing providers' networks. This enables operators other than the incumbent to use the local loop to provide services directly to customers.

Local Loop Access network connection between the customers premises and the local PSTN exchange, usually a loop comprised by two copper wires twisted together.

MAC Migration Authorisation Code. Unique identifier used by broadband customers when they wish to switch broadband service provider

Mbit/s Mega bits per second (1,000,000 bits per second). A unit of measurement of data transmission speed

Micro-payment Electronic payment method for small transactions

Mis-selling A term that covers a range of sales and marketing activities that can work against the interests of both consumers and competition and can undermine confidence in the industry as a whole

MMS Multimedia Messaging Service. The next generation of mobile messaging services, adding photos, pictures and audio to text messages.

MNO Mobile Network Operators

Mobile termination The charge operators which originate calls have to pay to mobile operators to deliver calls to their mobile customers

MP3 A standard technology and format for compressing a sound sequence into a very small file (about one-twelfth the size of the original file) while preserving the original level of sound quality when it is played

Multichannel In the UK, this refers to the provision or receipt of television services other than the main five channels (BBC ONE & TWO, ITV1, Channel 4/S4C, Five) plus local analogue services. 'Multichannel homes' comprise all those with digital terrestrial TV, satellite TV, digital cable or analogue cable, or TV over broadband. Also used as a noun to refer to a channel only available on digital platforms (or analogue cable).

MVNO Mobile virtual network operator. An organisation which provides mobile telephony services to its customers, but does not have allocation of spectrum or its own wireless network.

Multiplex A device that sends multiple signals or streams of information on a carrier at the same time in the form of a single, complex signal. The separate signals are then recovered at the receiving end.

Narrowband A service or connection providing data speeds up to 128kbit/s, such as via an analogue telephone line, or via ISD

NFL National Football League.

OAT Ofcom Advisory Team (previously known as the Ofcom Contact Centre)

OCC Ofcom Contact Centre. See OAT.

OECD Organisation of Economic Co-operation and Development

Off-net mobile calls Calls to mobiles on a different network

Ofgem Regulators of the electricity and gas markets in the UK

Omnibus Quantitative market research survey carrying questions on different topics

OTA Office of the Telecoms Adjudicator

PC Personal computer

Platform The device on which a technology runs

Postal district The geographic area identified by letters and numbers which appears as the first part of a post code, e.g. SW8

PhonepayPlus Formerly known as ICSTIS. The regulator for premium rate charged telecommunications services.

PRS Premium Rate Service Services including recorded information and live conversation, run by independent service providers. All calls to these companies are charged at a higher rate than ordinary calls to cover the companies' costs in providing the content of the call and the operator's cost for the special network facilities needed.

PSTN Public Switched Telephone Network. Such as BT's current copper telephone network

Simple bundle Purchasing two or more services from a single supplier regardless of a discount

Silent call Telephone call generated by a dialler which does not have an agent immediately available to handle the call

Slamming Unauthorised switching of a customer's phone service to another carrier

SMS Short Messaging Service

Socio-economic group (SEG) A social classification, classifying the population into social grades, usually on the basis of the Market Research Society occupational groupings (MRS, 1991). The groups are defined as follows.

A. Professionals such as doctors, solicitors or dentists, chartered people like architects; fully qualified people with a large degree of responsibility such as senior civil servants, senior business executives and high ranking grades within the armed forces. Retired people, previously grade A, and their widows.

B. People with very senior jobs such as university lecturers, heads of local government departments, middle management in business organisations, bank managers, police inspectors, and upper grades in the armed forces.

C1. All others doing non-manual jobs, including nurses, technicians, pharmacists, salesmen, publicans, clerical workers, police sergeants and middle ranks of the armed forces.

C2. Skilled manual workers, foremen, manual workers with special qualifications such as lorry drivers, security officers and lower grades of the armed forces.

D. Semi-skilled and unskilled manual workers, including labourers and those serving apprenticeships. Machine minders, farm labourers, lab assistants and postmen.

E. Those on the lowest levels of subsistence including all those dependent upon the state long-term. Casual workers, and those without a regular income.

Tag-on-line When an internet connection with one supplier has not been removed from a fixed line. A new supplier cannot be used on the line until the previous suppliers 'tag' has been removed from the line

Tariff Schedule of rates and charges for a service

Unbundle See LLU.

Usage cap Monthly limits on the amount of data which broadband users can download, imposed by some ISPs.

USO Universal Service Obligation. The set of Universal Services that Universal Service Providers are required to supply.

VoIP Voice over Internet Protocol. A technology that allows users to send calls using Internet Protocol, using either the public internet or private IP networks.

Voluntary non-ownership Where potential consumers are without access to services, primarily due to a perceived lack of need for a service or satisfaction with using alternative methods

WiFi Wireless Fidelity. Short range wireless technologies using any type of 802.11 standard such as 802.11b or 802.11a. These technologies allow an over-the-air connection between a wireless client and a base station, or between two wireless clients.

Wireless router A computer networking device that enables wireless internet access

WLR Wholesale Line Rental. A regulatory instrument requiring the operator of local access lines to make this service available to competing providers at a wholesale price.