The Consumer Experience

Research Report

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Section 1

Introduction

Background

Ofcom has only one principal duty afforded to it under the Communications Act 2003, which is to further the interests of citizens in relation to communications matters; and to further the interests of consumers in relevant markets, where appropriate by promoting competition. As a result, everything that Ofcom does is ultimately geared towards securing better experiences for consumers and citizens.

Since inception Ofcom has worked to create a stainable competitive framework for regulation. Sustainability and regulatory certainty are particularly significant in communications markets, as they depend heavily on the development and application of new technologies and this in turn relies on the ability of the UK to attract investment capital. Effective competitive markets ensure that providers have the incentive to deliver good services to customers at a low price and to innovate in service delivery so that new products are geared towards consumers' needs.

We want to make sure that customers can engage with the market, by being able to make informed choices regarding provider and service and by having processes that enable them to switch supplier easily when they choose to do so.

We also strive to ensure that consumers can shop around and consume services with confidence, are protected from scams and unfair practices, and can complain and seek redress when things do go wrong.

Finally, we have a role in seeking to ensure that particular communications services are delivered in a manner that is fair. We work to ensure that those services of social importance are provided in a way which allows all our citizens to benefit from the services we value the most and that the particular interests of all parts of society, including disabled, rural and low income users, are acknowledged and addressed.

The reports

Given this mission, we need to make sure we have mechanisms to evaluate the experience of consumers and citizens in relation to telecoms, digital broadcasting and the internet. That is the purpose of this document – our annual report of the consumer experience. This volume lists the full results of a major research exercise aimed at measuring how well consumers are faring in respect of these services. Where we have data available, we track the research results over time and look to benchmark them against other sectors and other countries. We do not cover TV or radio content issues here as these are subject to separate reporting by Ofcom.

The accompanying volume of this publication – A Policy Evaluation – examines the data presented in this research report and uses it to assess the impact of regulation and the priorities we have set ourselves. We want to understand, where possible, whether our existing priorities are having the desired consequences. Where we find consumer experiences that are not as positive as we would like, or where we think that further Ofcom action may lead to improvement, we want to make sure that Ofcom's priorities are set appropriately.

In order to evaluate our progress and guide consumer policy changes to meet our mission the Consumer Policy Consultation document was published in February 2006 and proposed that Ofcom produce an annual publication containing a set of metrics. The metrics consulted on covered three areas

- consumer choices and range in the market place
- consumer empowerment; and
- consumer protection and concerns

During the consultation, stakeholders commented on which metrics they felt were useful, which should be added and which should be removed. Following the consultation amendments were made to the metrics and a fourth section, consumer access, was added.

The purpose of this document is to report the full results of an extensive research exercise aimed at measuring how well consumers are faring in our sector using these metrics. Where we have data available, we have tracked the research results over time and where possible, benchmarked them against other sectors and other countries.

The metrics in this report are the first set to be published and we plan to update these on a regular basis. In addition, future reports will have more comparable data, as we continue tracking the metrics.

Equally, if we find that a particular regulatory approach is not having the impact we would like, we will re-evaluate our approach to see how positive consumer outcomes might be achieved. Likewise, if we see data that shows major new concerns, we will use it to reassess our priorities to see if a shift of resource towards new issues would allow us to improve the consumer experience.

This report draws on data from a number of sources, including Ofcom's own research and external sources. The most relevant and robust data sources have been selected for each individual metric. In some cases, comparable metrics from different sources have been included and in these cases the source notes will identify how the research has been used.

The majority of data used in this report is drawn from surveys conducted in the first half of 2006.

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

Ofcom's Residential Communications Tracking Survey

The Residential Communications Survey takes place monthly and provides Ofcom with continued understanding of consumer behaviour in the UK communications markets. It helps to monitor change and assess the degree and success of competition.

Consumer Panel Tracking Survey

The Consumer Panel Tracking Survey is conducted once a year, and measures the level of consumer knowledge of what is going on in the communications market and the choices and alternatives consumers have now and will have in the future.

Consumer Panel Qualitative Survey

The Consumer Panel Qualitative Survey was carried out in May 2006. In-depth interviews and focus groups were conducted with older consumers (55+ years) to provide profiles and characteristics of older people, and to understand the reasons why some have purchased internet and DTV services and others have not.

Ofcom Decision-making Survey

Ofcom's Decision-making survey was carried out in June 2006. This study involved 500 interviews with consumers in each of the fixed line, mobile and internet markets. The main objective was to understand switching behaviour in each of the markets, including how consumers make switching decisions, and why a significant proportion do not even consider changing supplier.

Ofcom Consumer Concerns Survey

Two studies were conducted in June and August 2006. The objectives of the research were to assess what issues concern consumers in the communications market, and the extent to which consumers are concerned about specific issues.

Ofcom Accuracy of Consumer Usage Estimates

In this research carried out in August 2006, an initial qualitative phase was followed by quantitative online interviews. The objective of both phases was to assess the effectiveness of price comparison websites in capturing accurate information on consumers' usage and providing accurate advice on potential savings.

Ofcom Tracking General Awareness of Consumers

This study was a face-to-face survey of 2000 respondents. The objective was to determine the level of brand awareness that Ofcom has and compare this broadly to the Financial Services Authority and Ofgem (the regulator for gas and electricity markets).

Scope of this report

This report analyses the overall experience consumers have of the communications market, covering three areas:

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

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

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

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

- across various demographic groups, where relevant;
- over time, where the data is available;
- across countries, where robust data is available;
- across other relevant markets, where comparable data is available.

This report does not look at minority ethnic groups; this will be covered in a separate Ofcom study due to be published in March 2007.

Findings have not been analysed at a national or regional level across the UK as this will be covered by Ofcom's annual Communications Market report on nations and regions to be published in 2007.

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% confident level which means that if you asked 100 people from the population, 95 of them would give you a similar response to the finding reported.

Section 2

Consumer Access

Overview and purpose

This section provides an overview of the availability of communications services across the UK. These metrics were added to the Consumer Experience report following the Consumer Policy consultation.

This section also includes an analysis of the reasons why people don't own certain communication devices and whether this decision is 'voluntary' (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) in order to understand barriers to access other than physical availability of the service.

Consumer Access metrics

The table below lists the Consumer Access metrics. The numbers shown in this section are at an overall UK level based on the percentage of all adults/households. Each of these metrics is then discussed in the text indicating how they vary by demographic group.

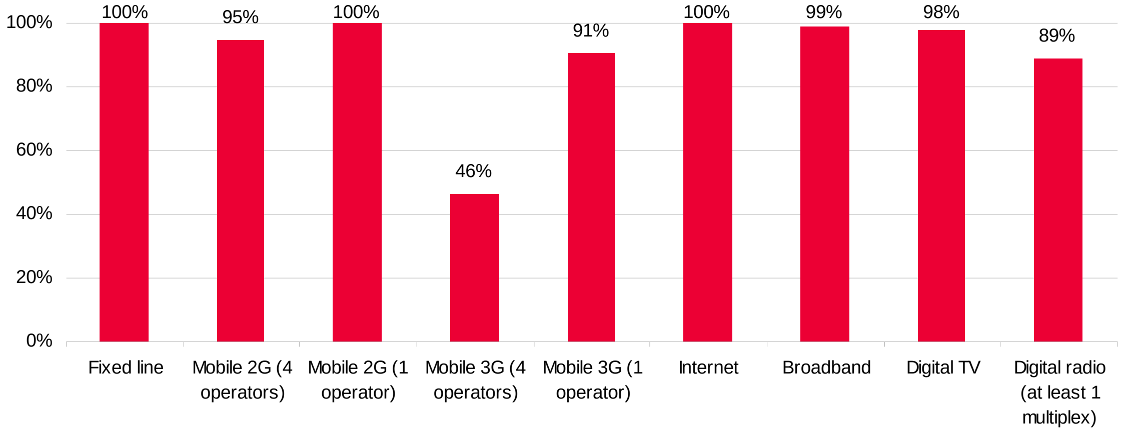
The key findings in this report are analysed by the following demographic groups to highlight whether any specific consumer groups are more likely to be excluded than others: age, income, socio-economic group and disability. Sub-group differences are only noted when they are significantly different from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

2.1 Consumer Access metric 1: availability of communications services

Consumer access metric 1 measures the availability of fixed lines, mobile networks, internet connections, digital TV and digital radio across the UK. This metric is important in order to understand the level of communication consumers can access, whether they do so or not.

2.1.1 Overall availability of communications services - UK

Figure 1: Availability of communications services



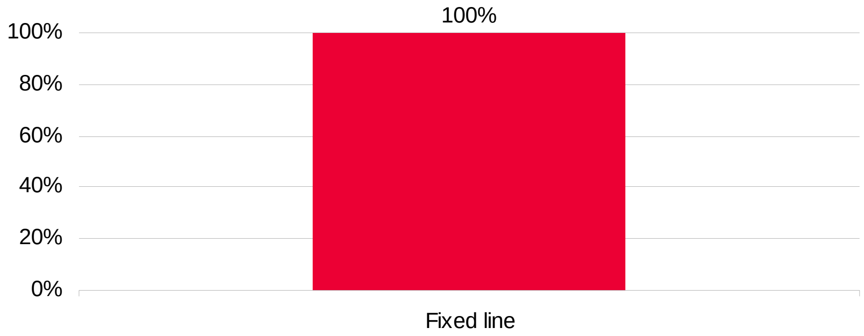
Source: Ofcom.

Figure 1 shows overall availability of communications services for almost all households. There is a wide availability of fixed lines, 2G mobile services, internet and digital television.

2.1.2 Availability of fixed lines

Fixed line services are universally available across the UK.

Figure 2: Availability of fixed lines



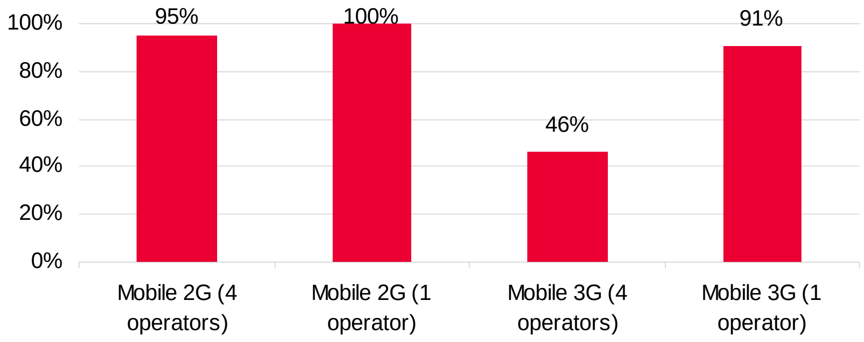
Source: Ofcom.

The Universal Service Obligation (USO) is currently provided by BT and Kingston Communications in Hull. All households in the UK can have access to a fixed line (see Figure 2) at a standard charge, although additional connection charges apply when they are so remote that installation would cost the supplier providing the line over £3,400.

2.1.3 Availability of mobile

Both second generation (2G) and third generation (3G) mobile phone services are available in the UK.

Figure 3: Availability of mobile



Source: Ofcom.

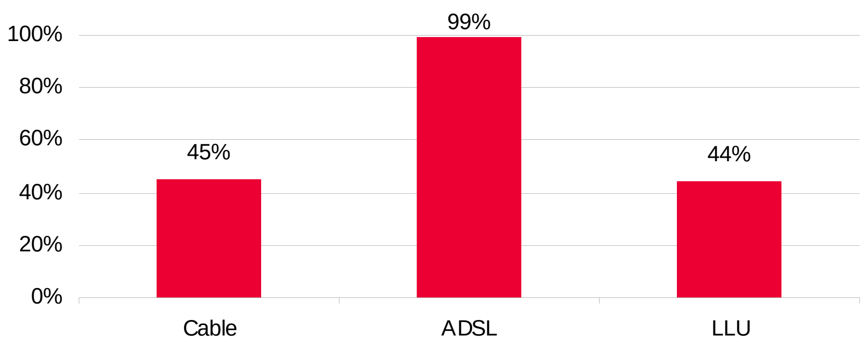
Figure 3 shows that second generation (2G) mobile phone services are widely available across the UK – 99.9% of the UK population live within postal districts that have at least one operator with at least 75% area coverage. 95% of the UK population live within postal districts that have coverage by all four operators. As highlighted in an Ofcom report availability however, varies by nation[1],

Roll-out of third generation (3G) mobile phone services has focused initially on urban areas. During 2005 46% of postal districts across the UK had at least 25% 3G area coverage by at least four 3G operators, and 90.5% of postal districts had such coverage by at least one operator.

2.1.4 Availability of internet

Consumers also have an increased choice of broadband service providers. Local loop unbundling (LLU) has enabled DSL operators other than BT to take over exchange lines and offer their own broadband products to consumers. With cable operators and the fast-growing wireless broadband market, consumers now have a wide choice of broadband products and access platforms.

Figure 4: Availability of broadband internet



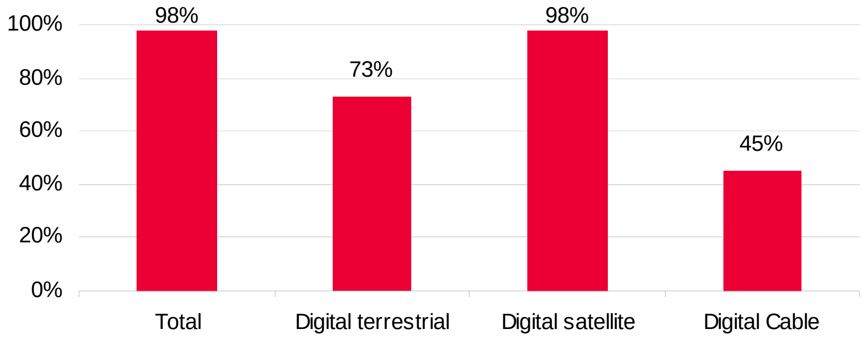
Source: Ofcom/operators

[1] See The Communications Market: Nations and Regions 2006

BT data from January 2006 shows that 99.9% of premises in the UK are connected to broadband-enabled exchanges. However, some premises within these exchange areas are not suitable for delivery due to local technicalities such as distance from the exchange or poor quality of networks. **Error! Reference source not found.** shows 45% of UK homes are also passed by cable broadband.

2.1.5 Availability of digital television

Figure 5: Availability of digital television



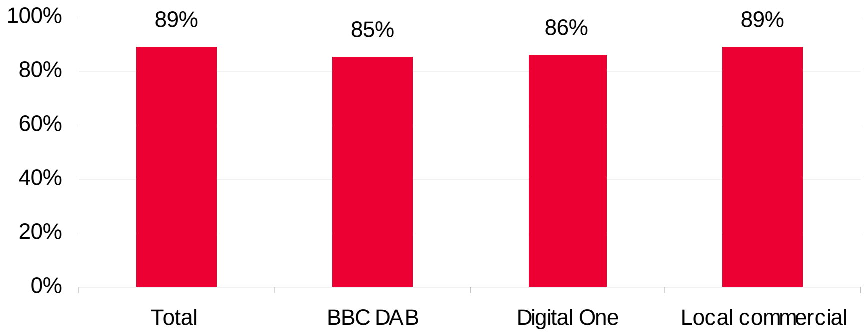
Source: Ofcom.

Figure 5 shows that approximately 98% of households across the UK are able to receive digital satellite and 45% are passed by digital cable. However, some homes are unable to receive satellite services due to specific local factors or housing agreements. At least 73% are able to receive both commercial and public service multiplexes for digital terrestrial television (DTT); this is the maximum possible until digital switchover enables digital signals to be broadcast more widely across the UK.

2.1.6 Availability of digital radio

Digital radio is available across the UK via the internet, digital TV and DAB digital radio. DAB digital radio services are available from the BBC, local multiplex services and Digital One.

Figure 6: Availability of digital radio



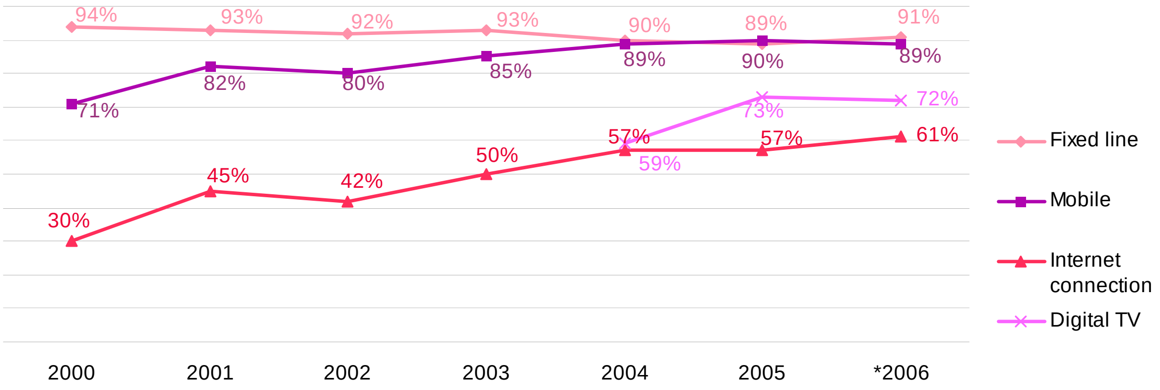
Source: Ofcom.

Figure 6 shows that 89% of the UK population is now covered by at least one DAB multiplex.

2.2 Consumer Access metric 2: Take-up of communications services

Personal ownership of communications services allows us to identify the level of take-up of the various services, as well as a profile of those consumers who access them. This metric firstly covers take-up in the UK and secondly compares take up with other countries.

Figure 7: Overall take up of communications services over time



Source: Ofcom Communications Tracking survey, conducted by Ipsos-MORI during 2000 - Q2 2006. *Data for 2006 based on Q2 data, all other data based on Q4.

There has been little change in ownership of both fixed and mobile services between 2005 and the second quarter of 2006 (see **Error! Reference source not found.**). Mobile penetration at 89% is similar to the penetration of fixed line phones. Internet take-up has continued to grow, reaching 61% in Q2 2006.

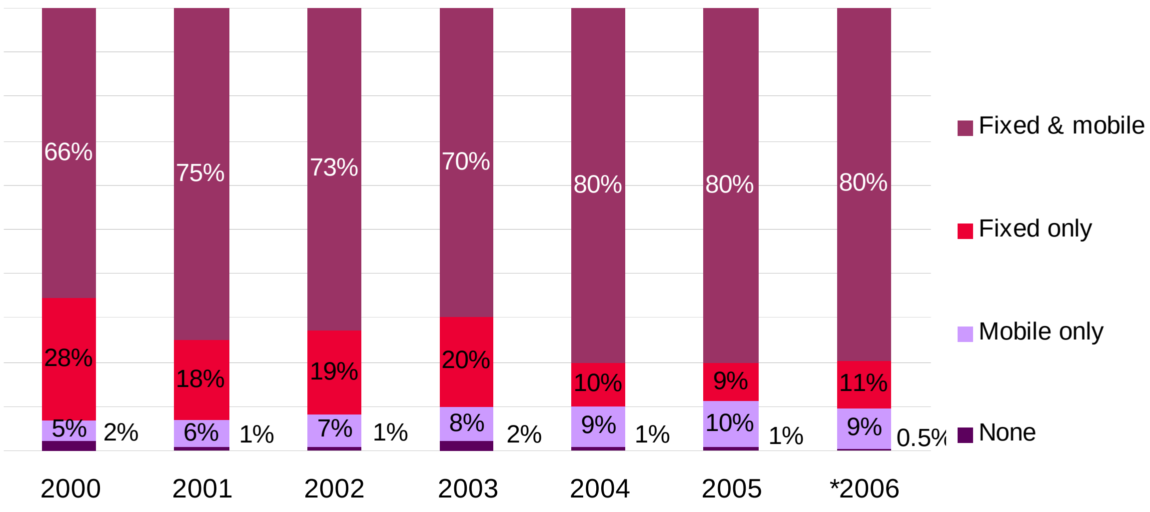
Digital TV ownership appears to have stabilised over the last six months following significant growth in 2005.

The following sections summarise each of these trends by platform and by demographic group.

2.2.1 Take-up of fixed line and mobile services

Fixed line and mobile ownership are both relatively high and the proportion relying solely on mobile phones has stabilised, at around one in ten.

Figure 8: Take-up of fixed line and mobile services



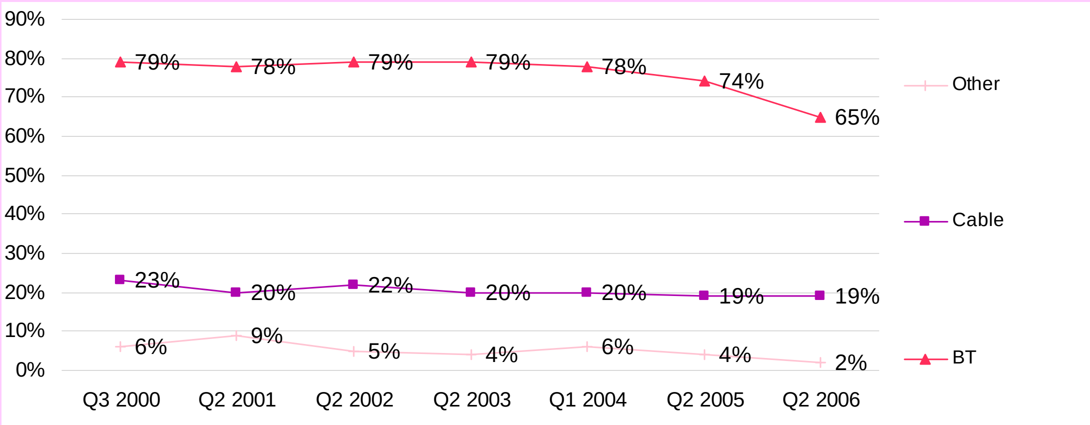
Source: Ofcom Communications Tracking survey, conducted by Ipsos-MORI during Q2 2006. Base: 2439 UK adults. * Data for 2006 based on Q2 data, all other data based on Q4.

In terms of personal ownership, in Q2 2006 80% of adults aged 15+ owned a fixed line and a mobile phone and this has not changed since 2005. Adult mobile ownership has also remained relatively stable over the past few years. 11% have access to a fixed line only and 9% have access to a mobile phone only (see Figure 8).

Use of Fixed line (including VoIP) suppliers

Since Q2 2005 there has been a drop in BT's penetration level from 74% to 65%, while cable penetration has not changed (Figure 9).

Figure 9: Penetration of fixed line suppliers 2000-2006



Source: Ofcom Communications Tracking Survey, conducted by Ipsos-MORI during Q2 2001-2003, Q1 2004, Q2 2005-2006. Base UK adults with internet at home[2].

In addition to standard public service telephone network (PSTN) voice services, consumers now have the option to use voice over internet protocol (VoIP) services.

Over half of consumers are aware that they can make calls over the internet (53%). One in ten consumers have ever used VoIP services and 7% currently use these services.

Additional demographic analysis shows that those who are most aware of the services and most likely to use it are 25-44 years, higher income earners (30K+) and ABC1s. Although younger consumers are no more likely to be aware of the service than the average population, those who are aware are more likely to use it than older consumers (45+ years).

Research[3] shows that VoIP owners do not currently rely solely on this method of telephony – all of those surveyed had access to other methods of telephony at home.

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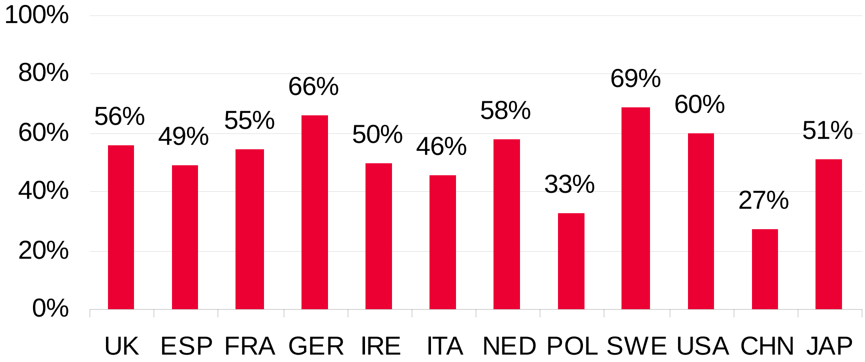
[2] Q3 2000 1885, Q2 2001 1935, Q2 2002 1935, Q2 2003 1939, Q1 2004 1988, Q2 2005 1966, Q2 2006 2234

[3] Data from the Ofcom Communications Tracking Survey Q2 2006

2.2.2 Take-up of fixed lines – international comparisons

Figure 10: Take-up of fixed lines – international comparisons



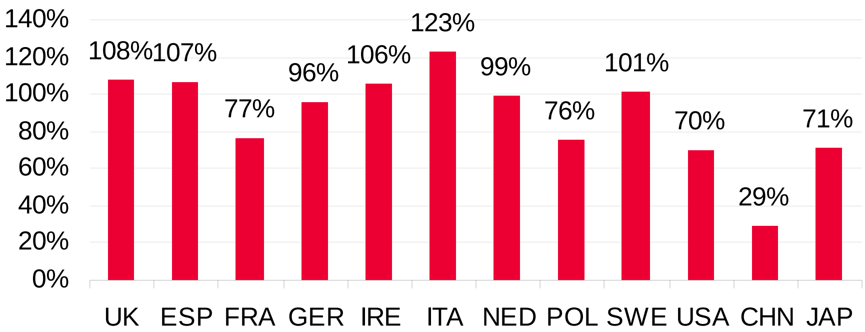
Source: Ofcom/national regulators 2005. Base: Total population

Error! Reference source not found. shows the percentage of fixed lines per 100 population, including both business and residential lines[4]. We have been unable to show comparative household take-up rates for fixed lines owing to the inability to distinguish between residential and business lines for some countries. The chart shows that the UK had a middling take-up of fixed lines in 2005 – in line with France, but lower than Germany, Sweden and the USA.

2.2.3 Take-up of mobile services – international comparisons

Figure 11 below shows comparative mobile take-up per 100 population across various countries.

Figure 11: Take-up of mobile services – international comparisons



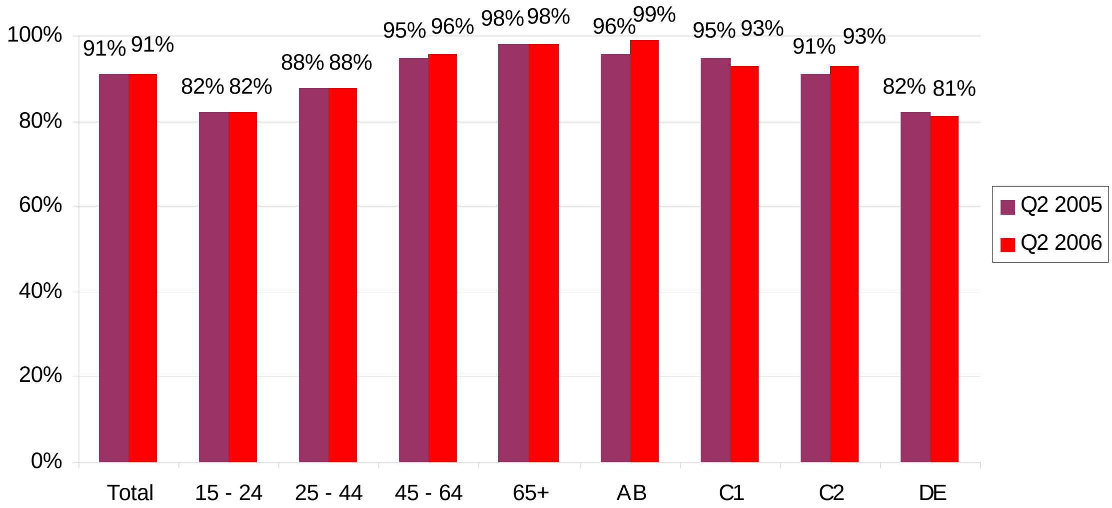
Source: Ofcom/national regulators 2005. Base: Total population

The UK has one of the higher take-up rates, with only Italy showing a higher number of mobile subscriptions per 100 population. Figures greater than 100 show that more than one mobile is owned per person.

[4] Take-up among the adult population is 91% (Figure 8), whereas international comparison data presented in Figure 9 is based on the total population

2.2.4 Profile of owners of fixed line services

Figure 12: Age and socio-economic profile of owners of fixed line services



Source: Ofcom Communications Tracking Survey, conducted by Ipsos-MORI. Q2 2005 base: 2206 UK and Q2 2006 base: 2439 UK adults.

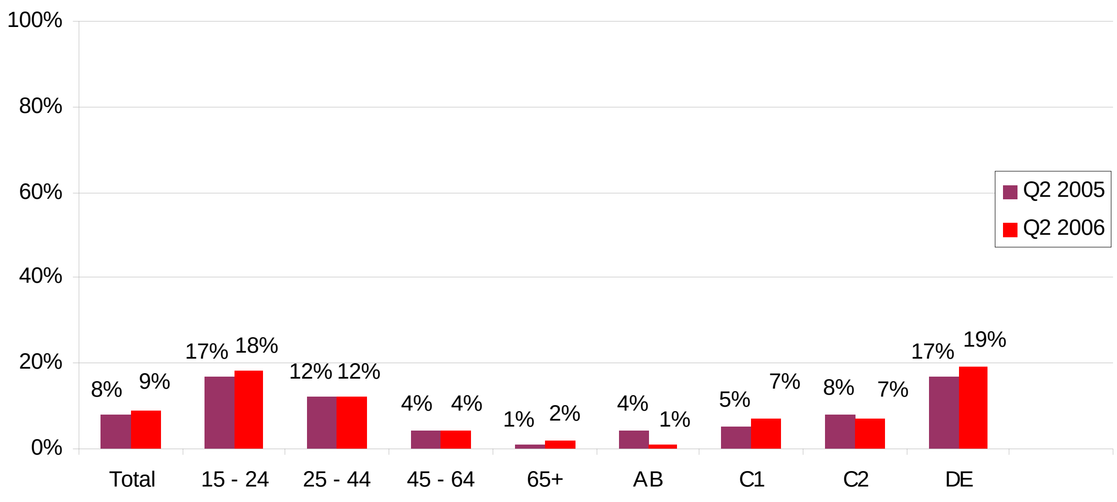
Figure 13: Income and disability profile of owners of fixed line services

Source: Ofcom Communications Tracking Survey, conducted by Ipsos-MORI. Q2 2005 base: 2206 UK and Q2 2006 base: 2439 UK adults.

Figure 12 and Figure 13 show the demographic profiles of take-up of fixed line services. The data suggests that consumers using a fixed line at home tend to be older. Additional analysis shows they are also more likely to be living in smaller households. There has been little change in the profile of telecoms customers over the past three years due to high and stable market penetration.

2.2.5 Profile of owners of only mobile services

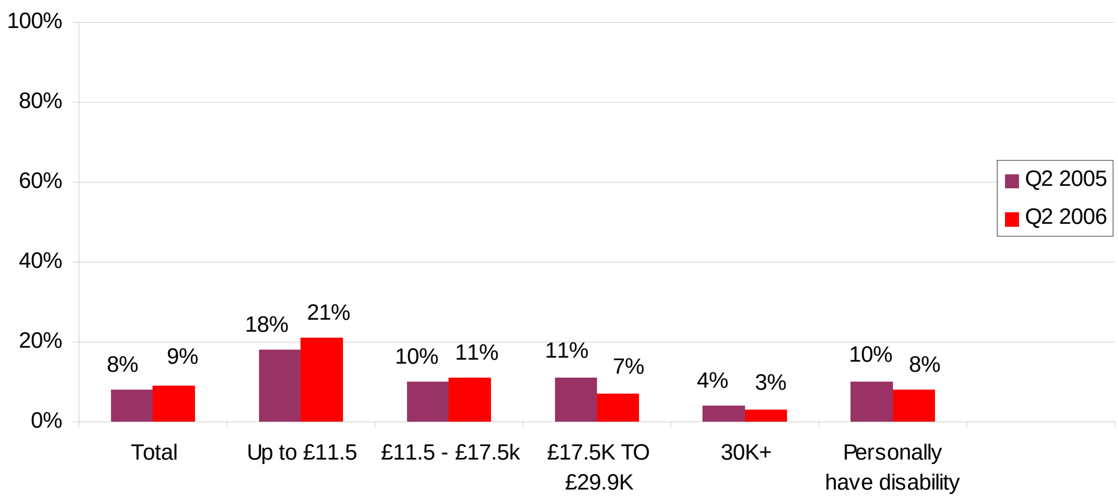
Figure 14: Age and socio-economic profile of owners of only mobile services



Source: Ofcom Communications Tracking survey, conducted by Ipsos-MORI. Q2 2005 base: 2206 and Q2 2006 base: 2439 UK adults.

Consumers who only own a mobile tend to be younger and DEs as shown in Figure 14 above. They are also likely to be living in larger households and sharing accommodation.

Figure 15: Income and disability profile of owners of only mobile services

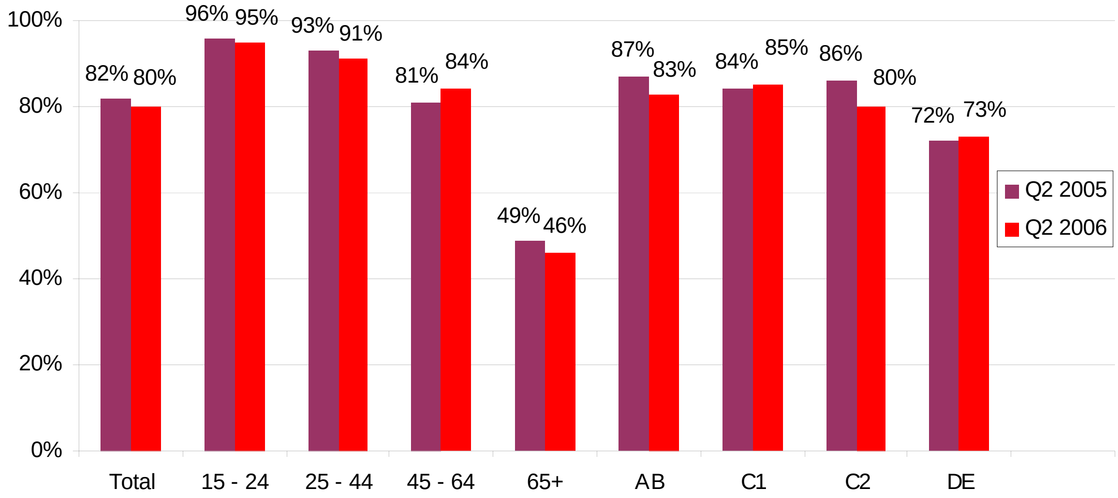


Source: Ofcom Communications Tracking survey, conducted by Ipsos-MORI. Q2 2005 base: 2206 and Q2 2006 base: 2439 UK adults.

Mobile-only customers also tend to be from lower income groups, as shown in Figure 15. These consumers say that one of the main benefits of only using a mobile is that it allows them to control costs.

2.2.6 Profile of those who personally use mobile services

Figure 16: Age and socio-economic profile of those who personally use mobile services



Source: Ofcom Communications Tracking Survey, conducted by Ipsos-MORI. Q2 2005 base: 2206 and Q2 2006 base: 2439 UK adults.

Older adults (aged 65+) remain the least likely to personally use a mobile (see Figure 16), but are but more likely than average to have a fixed line at home (Figure 12).

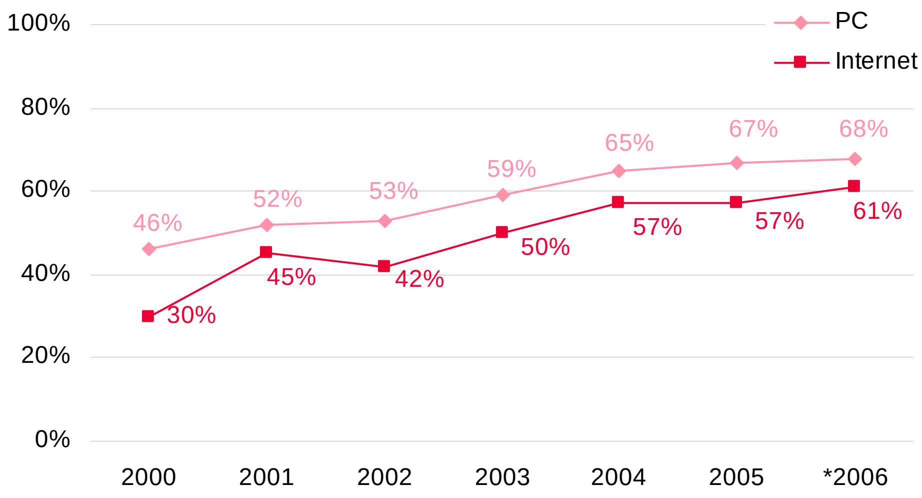
Figure 17: Income and disability profile of those who personally use mobile services

Source: Ofcom Communications Tracking Survey, conducted by Ipsos-MORI. Q2 2005 base: 2206 and Q2 2006 base: 2439 UK adults.

Figure 17 shows consumers on a lower income (up to £11.5K) are least likely to personally use a mobile phone than average. Consumers who personally have a disability are as likely to personally use a mobile as others; however, this figure has decreased by 6% since Q2 2005.

2.2.7 Take-up of internet services

Figure 18: Take-up of internet services

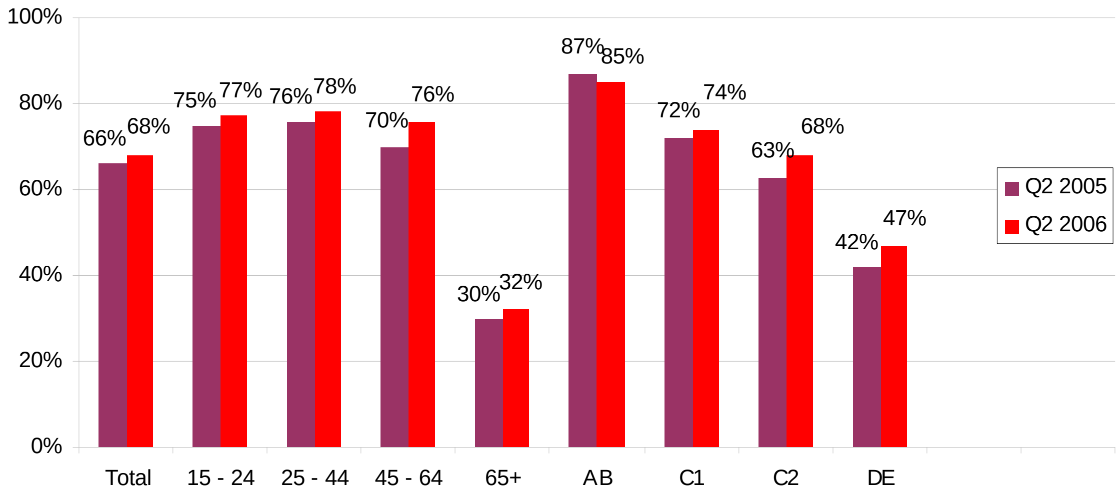


Source: Ofcom Communications Tracking Survey, conducted by Ipsos-MORI. Base: All adults[5]. *Q4 data for 2001 to 2005, Q2 data for 2006

Overall PC ownership has been steadily increasing and stands at 68% of adults in 2006, as illustrated in Figure 18. The percentage of consumers connecting to the internet has reflected this increase, at 61%.

2.2.8 Profile of owners of PC's

Figure 19: Age and socio-economic profile of PC owners



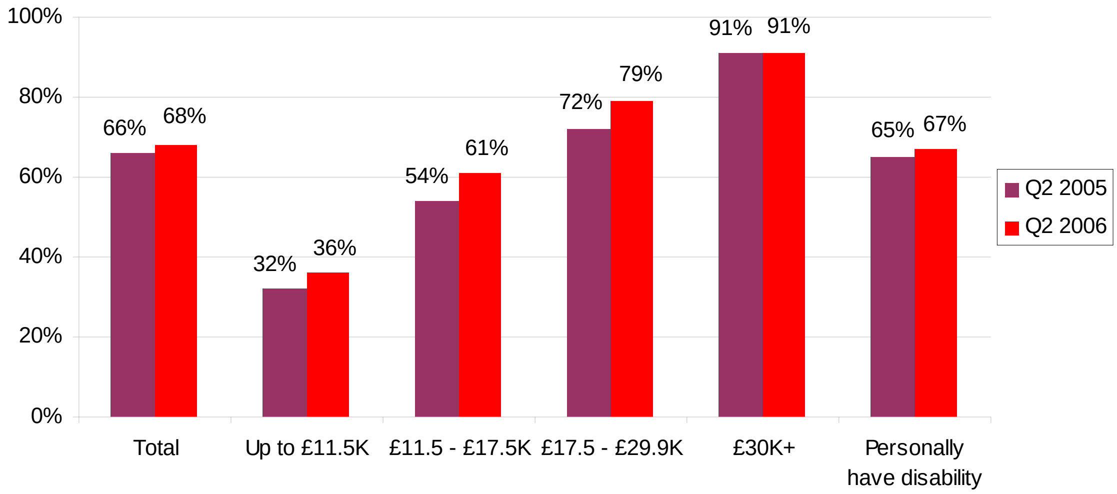
Source: Ofcom Communications Tracking Survey, conducted by Ipsos-MORI. Q2 2005 base: 2206 and Q2 2006 base: 2439 UK adults.

[5] Base: Q4 2000 2133, Q4 2001 2159, Q4 2002 2138, Q4 2003 2150, Q4 2004 2131, Q4 2005 2214, Q2 2006 2439

Ownership of PCs is lowest among older consumers (65+ years) and those in DE socio-economic group (see Figure 19). Although ownership is low among DEs, it has increased by five percentage points since Q2 2005.

PC ownership has remained relatively stable over the past year (67%-68%). More 45-64s, middle income groups and C2s now own PCs compared to a year ago, but there has been little change among most other demographic groups.

Figure 20: Income and disability profile of PC owners

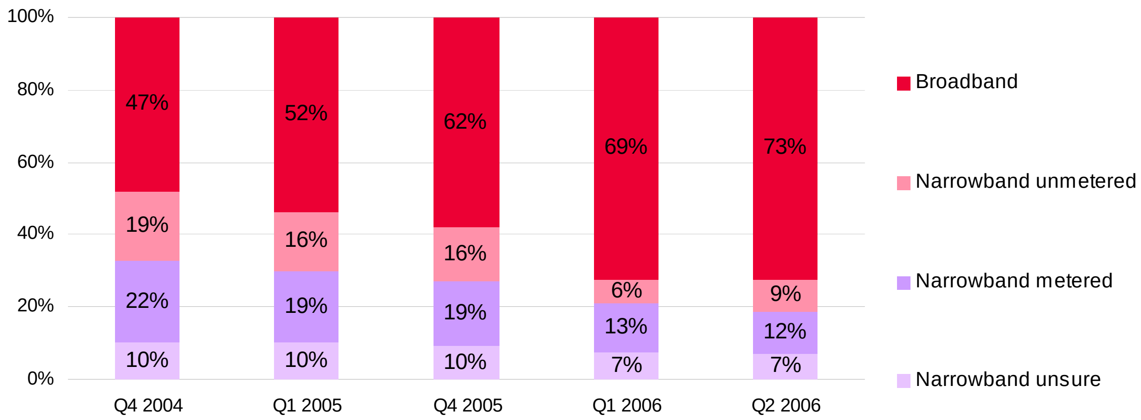


Source: Ofcom Communications Tracking Survey, conducted by Ipsos-MORI. Q2 2005 base: 2206 UK adults and Q2 2006 base: 2439 UK adults.

In line with lower levels of PC ownership among DEs, ownership is also lower than average among those earning less than £11.5K, as shown in Figure 20. PC ownership increases with income, rising to 91% among higher income earners (£30K+).

2.2.9 Trends in internet connection method

Figure 21: Trends in internet connection methods



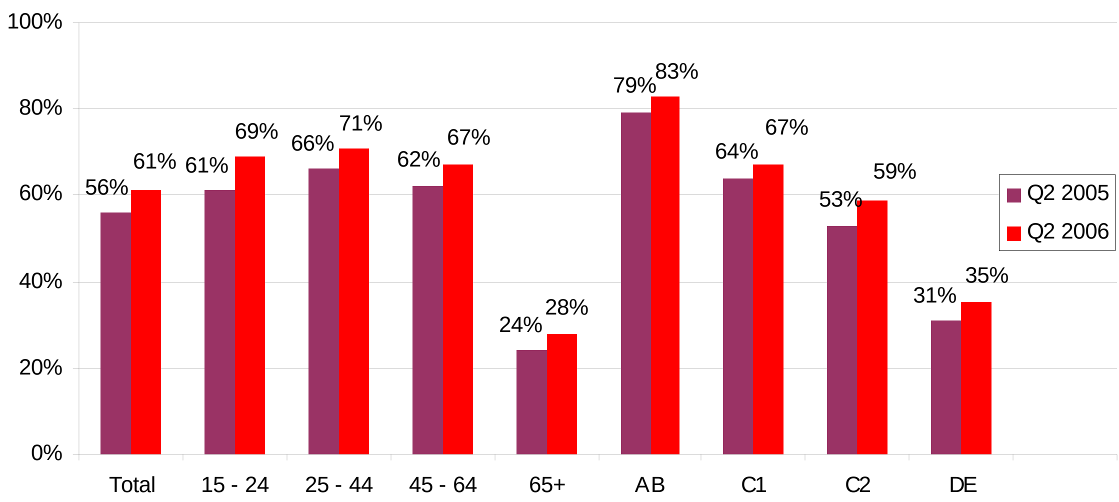
Source: Ofcom Communications Tracking Survey, conducted by Ipsos-MORI. Base: UK adults with internet.[6]

[6] Base: Q4 2004 1113, Q12005 1188, Q4 2005 1159, Q1 2006 1244, Q2 2006 1267

Currently 73% of internet users have a broadband connection (see Figure 21). Of these, a quarter stated they use a wireless router. Broadband use has been increasing steadily over the past few years with a subsequent decrease in narrowband.

2.2.10 Profile of owners of internet services

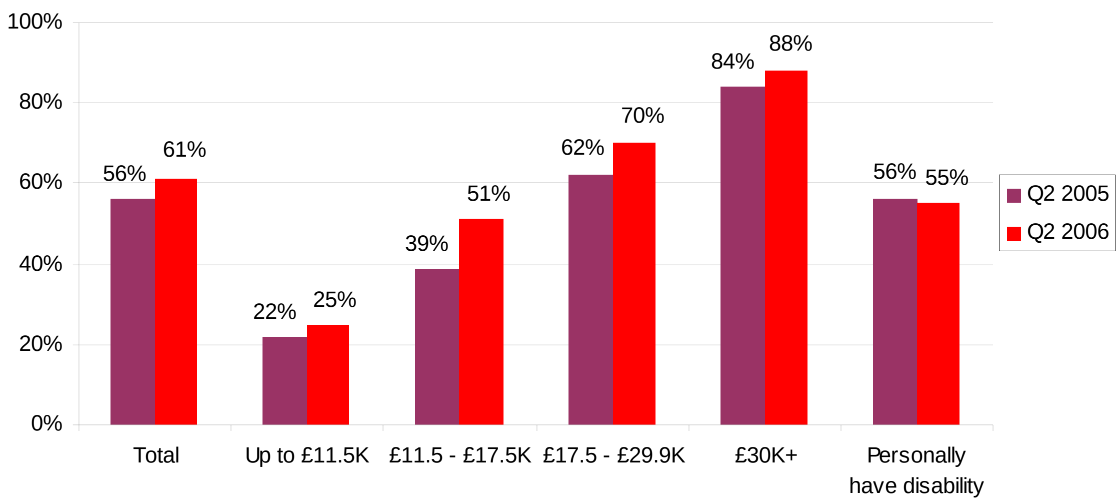
Figure 22: Age and socio-economic profile of internet owners



Source: Ofcom Communications Tracking Survey, conducted by Ipsos-MORI. Q2 2005 base: 2206 and Q2 2006 base: 2439 UK adults.

Similar to PC ownership, access to the internet is lowest among older consumers (65+ years) and DEs (see Figure 22). Access to the internet among older consumers is half that of the national average.

Figure 23: Income and disability profile of internet owners



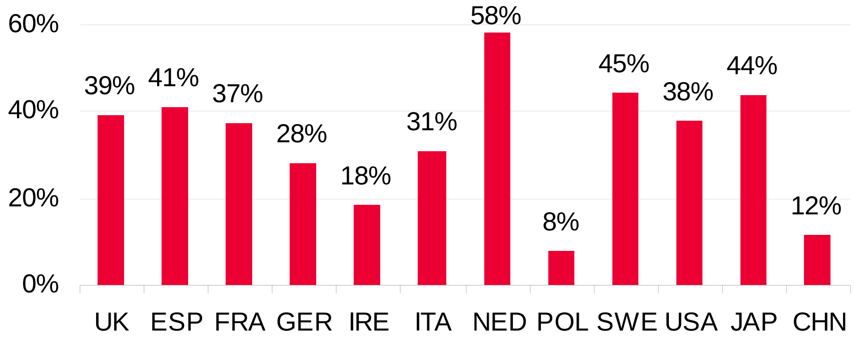
Source: Ofcom Communications Tracking Survey, conducted by Ipsos-MORI. Q2 2005 base: 2206 and Q2 2006 base: 2439 UK adults.

Figure 23 shows that access to the internet is lowest for those earning less than £11.5K and is less than half the national average. There was a 3% increase in internet ownership among adults living in a household earning an annual income of up to £11.5K, although this was not as great as the rise among middle-income groups.

Despite an overall average increase in access of 5% since 2005, internet access among consumers who have a disability has not reflected this trend.

2.2.11 Take-up of broadband – international comparisons

Figure 24: Take-up of broadband – international comparisons

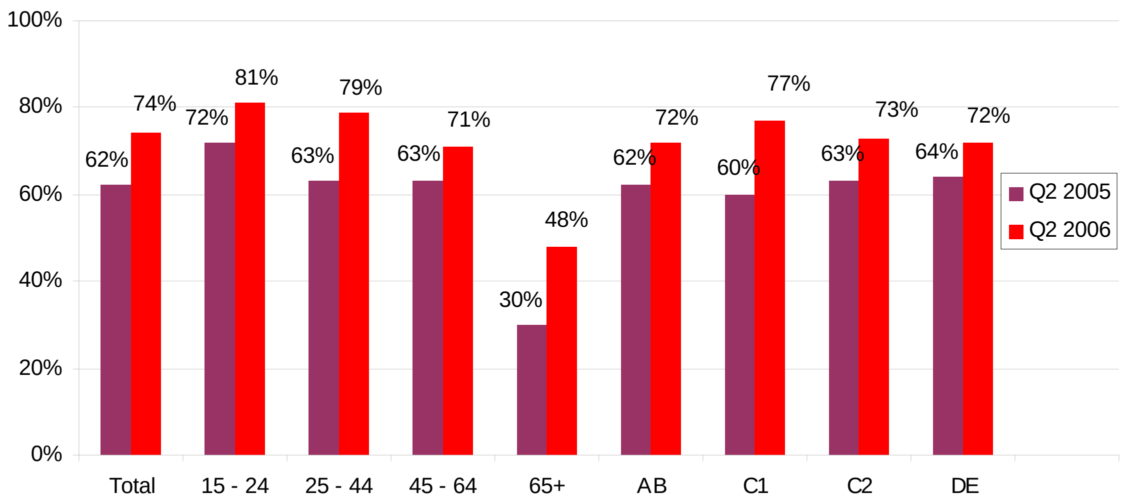


Source: Ofcom/national regulators 2005. Base: Total population

UK showed broadband take-up rates that were around average for the countries included in the analysis. Figure 24 shows that in 2005 the UK's 39 connections per 100 (39%) households was significantly ahead of Germany (28%), Italy (31%) and Ireland (18%). However, the UK was still behind Japan, Sweden and the Netherlands.

2.2.12 Profile of owners of broadband connections

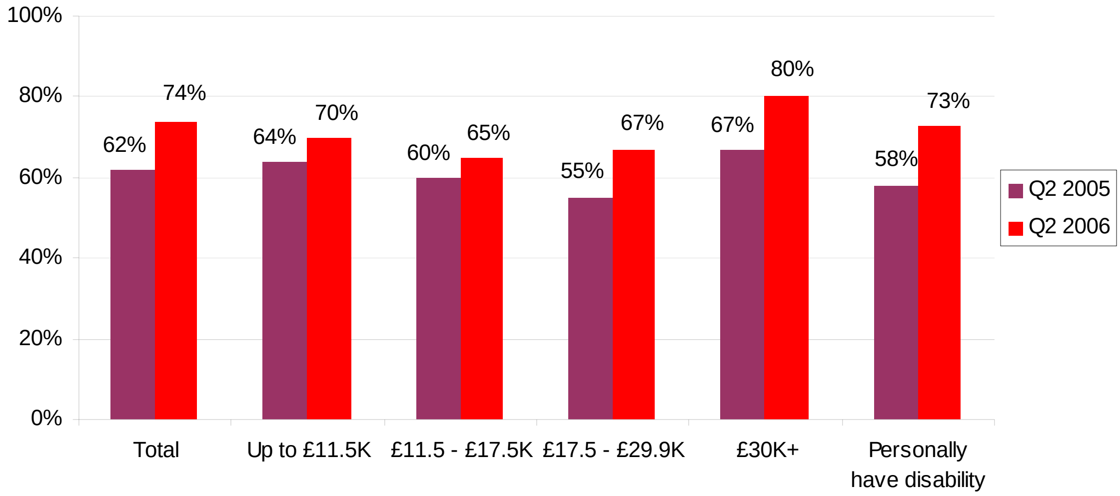
Figure 25: Age and socio-economic profile of broadband owners



Source: Ofcom Communications Tracking Survey, conducted by Ipsos-MORI. Q2 2005 base: 1242 and Q2 2006 base: 1405 UK adults who have access to the internet at home.

Figure 25 shows overall take-up of broadband increasing from 62% to 74% and has increased across all demographic groups. Despite the lowest levels of overall take-up, older consumers have shown the biggest significant increase in take-up of broadband. Take up is highest among 15-44 year olds and C1s.

Figure 26: Income and disability profile of broadband owners



Source: Ofcom Communications Tracking Survey, conducted by Ipsos-MORI. Q2 2005 base: 1242 and Q2 2006 base: 1405 UK adults who have access to the internet at home.

Figure 26 shows the income and disability profile of broadband owners. While lower income earners (less than £11.5K) and DE socio-economic groups are less likely to own a PC and therefore less likely to have internet at home, those with internet are as likely as the average to use a broadband connection. In fact broadband penetration is lowest among those earning between £11.5K and £29.9K.

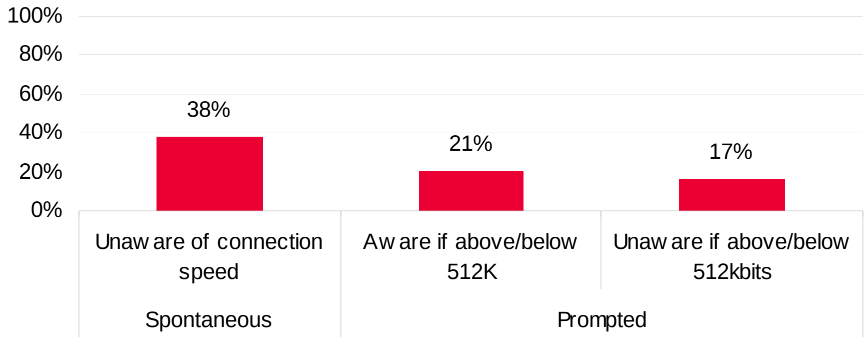
Those consumers with a disability have increased take up at similar levels as the national average.

2.2.13 Awareness of broadband subscription type

The technical elements of a broadband subscription include connection speed, contention ratio and usage caps. The contention ratio is the extent to which the speed of broadband may be affected by the number of users accessing the internet from the same exchange. The usage cap is the amount of data a subscription allows the consumer to download in a given period.

In order to make valid comparisons and evaluate their own service, consumers should be aware of these elements of their broadband subscription.

Figure 27: Level of awareness of internet connection speed



Source: Ofcom Communications Tracking Survey, conducted by Ipsos-MORI. Q2 2006 base: 1025 UK adults with broadband.

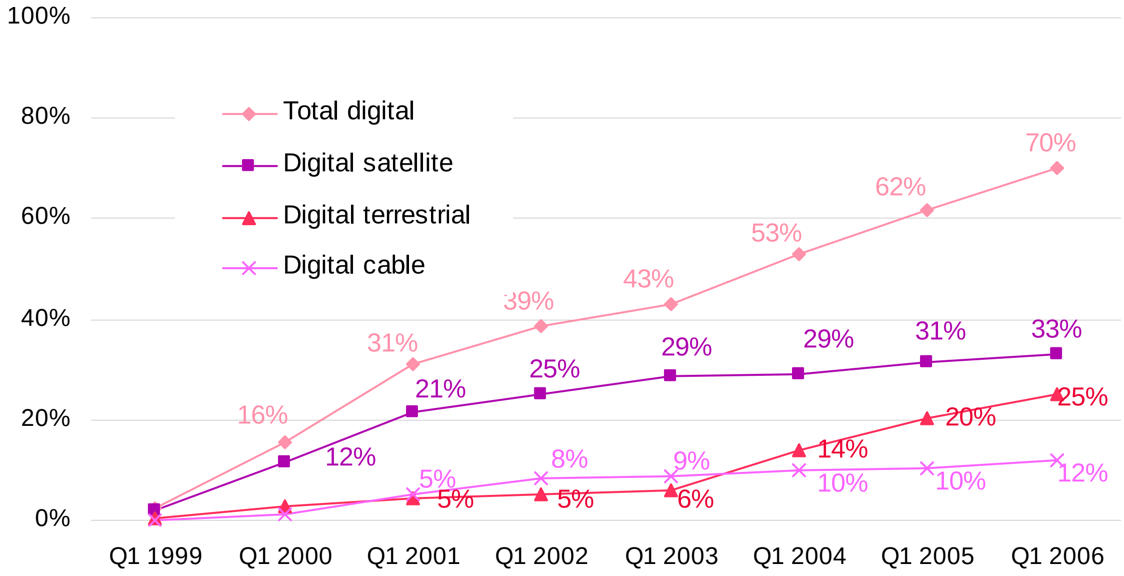
Over a third (38%) of broadband customers are not able to state the speed at which they connect (see Figure 27). Even when prompted, 17% are unsure whether their internet connection is above or below 512K. The remaining broadband customers are able to indicate, when prompted, whether their connection speed is higher or lower than 512K.

The majority of consumers do not know what a contention ratio is and when the term is explained to them, 63% are still unaware. Over half (52%) do not know how to check what speeds they are receiving – consistent with the proportion unaware of their speed. Despite this lack of knowledge regarding speed of connection, most broadband customers believe the speeds they receive either meet (45%) or exceed their initial expectations (39%) and 90% of broadband customers say they are satisfied with their speeds.

Consumers indicate confusion over the amount of data their subscription allows them to download. 71% of broadband customers believe they have unlimited downloading capability and a further 10% are unsure. In reality the majority of current broadband contracts specify some sort of usage cap.

2.2.14 Take-up of digital TV services

Figure 28: Take-up of digital TV services by household

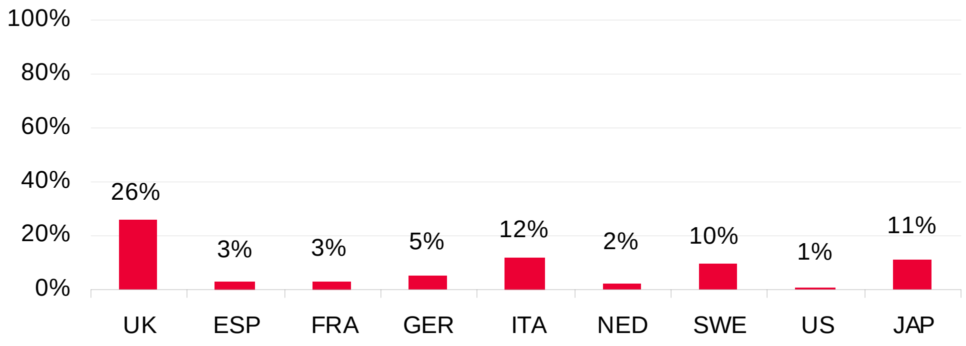


Source: Ofcom Digital Television Update, figures rounded up to nearest whole %.

Seven in ten UK homes owned digital TV during Q1 2006, an increase of 8 percentage points over the last year (see Figure 28). Much of this increase has been driven by DTT (Freeview).

2.2.15 Take-up of DTT – international comparisons

Figure 29: Take up of DTT – international comparisons



Source: TV International Sourcebook 2007, Informa

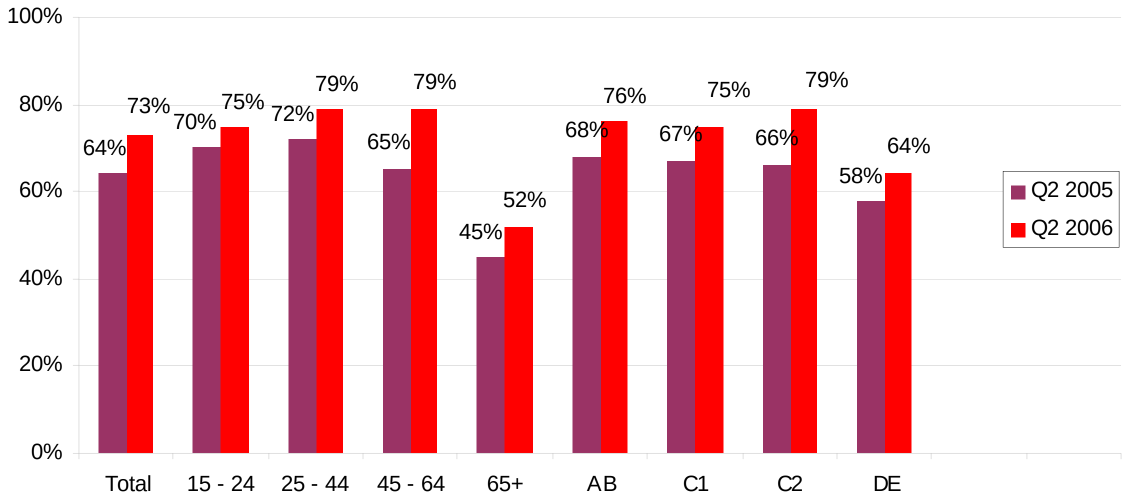
Figure 29 shows that the UK has the highest level of take-up of DTT services, with 26% take-up, significantly higher than the other countries included in the study[7].

[7] Note this figure is presenting data on digital terrestrial service only, and not digital TV (which includes DTT, digital satellite and digital cable) which is shown in Figure 28.

2.2.16 Profile of owners of digital TV services

The demographic data reported below is based on consumer data and is not directly comparable with penetration figures shown in Figure 28 which is based on digital TV subscription data. Therefore, the total take-up figures will differ between the two different data sources.

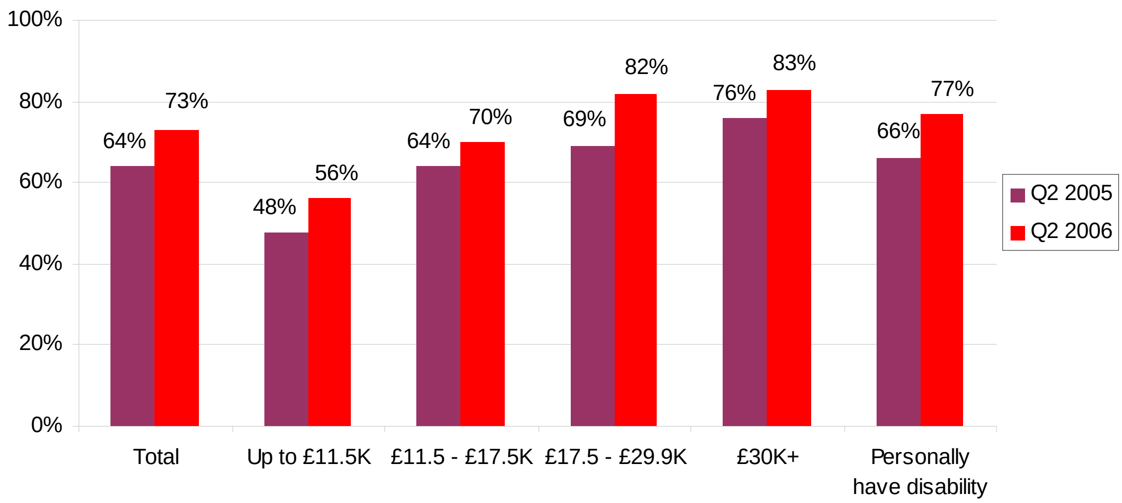
Figure 30: Age and socio-economic profile of owners of digital TV services



Source: Ofcom Communications Tracking Survey, conducted by Ipsos-MORI. Q2 2005 base: 2206 and Q2 2006 base: 2439 UK adults.

DTV take-up has increased from 64% to 73% over the last year. The rise in ownership of digital TV occurs across all demographic groups. However, the largest increases are seen among adults aged 45-64, C2 socio-economic groups (Figure 30) and as shown in Figure 31, those with an annual household income of between £17.5K and £29.9K and consumers who have a disability.

Figure 31: Income and disability profile of owners of digital TV services

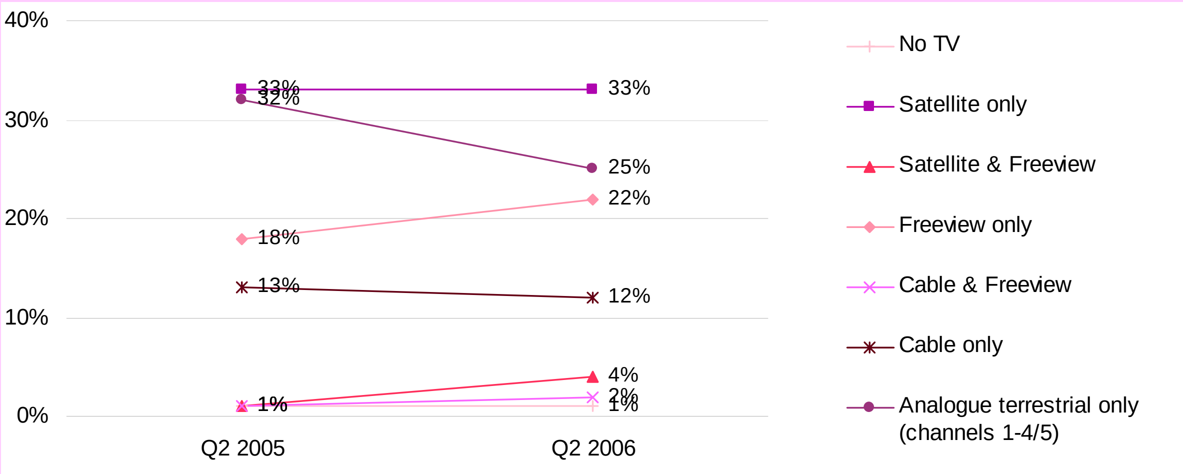


Source: Ofcom Communications Tracking Survey, conducted by Ipsos- MORI. Q2 2005 base: 2206 and Q2 2006 base: 2439 UK adults.

Additional analysis shows that another impact on digital TV ownership is household size. Digital TV penetration increases among larger households; 84% of households with five or more people have digital television. However, most recent growth in ownership has been among smaller households, again driven by Freeview. Half of all single-person homes have digital TV compared to 39% a year ago and ownership in homes with two people has risen by 9 percentage points to 71% over the last year.

Use of digital TV services

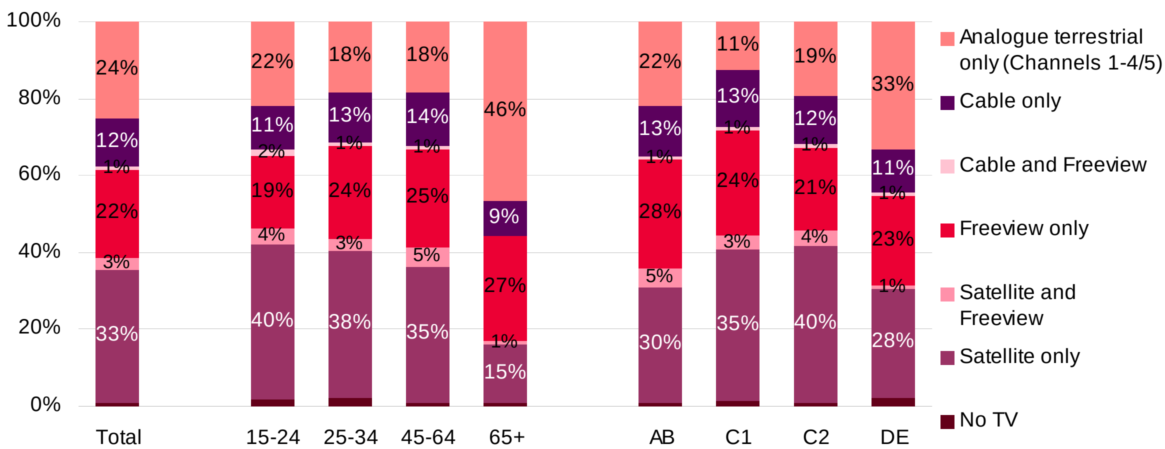
Figure 32: Ownership of digital TV platforms



Source: Ofcom Communications Tracking Survey, conducted by Ipsos-MORI during Q2 2005 base: 2206 and Q2 2006 base: 2439 UK adults

Over the last 12 months there have been two main shifts in digital platform ownership. The first shift is the proportion of consumers who own analogue terrestrial channels only, which has fallen from 32% in Q2 2005 to 25% in Q2 2006 (Figure 32). Secondly, there has been a subsequent increase in consumers saying they only have access to Freeview, from 18% to 22%.

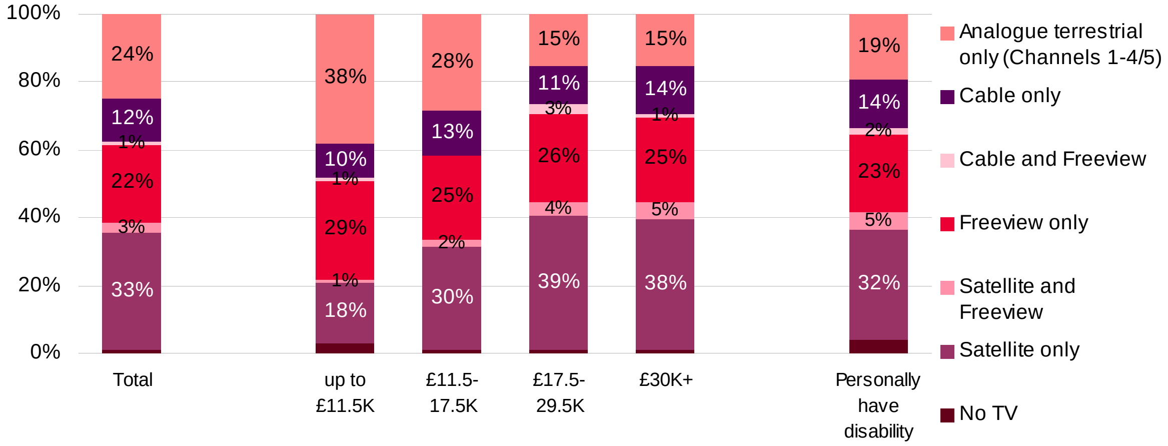
Figure 33: Multi-channel platform ownership by age and socio-economic group



Source: Ofcom Communications Tracking Survey, conducted by Ipsos-MORI during Q2 2006. Base: 2439 UK adults.

Figure 33 and Figure 34 shows that consumers who are most likely to have access only to analogue terrestrial channels are older (65+ years), in the DE socio-economic group or lower income earners (up to £11.5k).

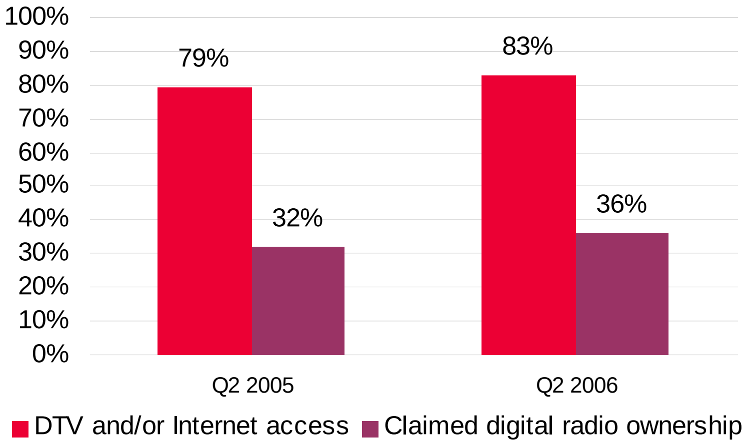
Figure 34: Multi-channel platform ownership by income and personal disability



Source: Ofcom Communications Tracking Survey, conducted by Ipsos-MORI during Q2 2006. Base: 2439 UK adults.

2.2.17 Take-up of digital radio services

Figure 35: Take up of digital services

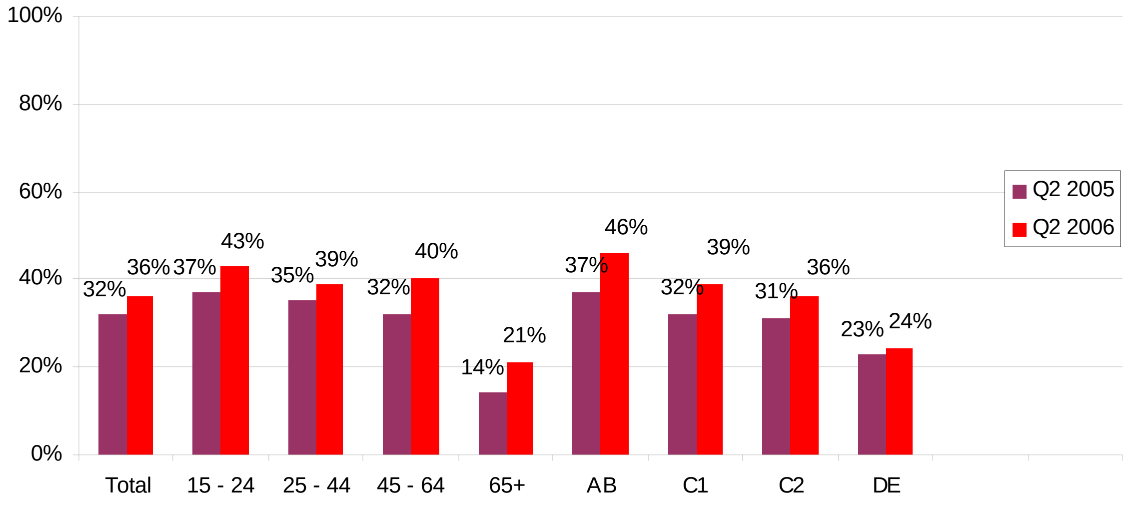


Source: Ofcom Communications Tracking Survey, conducted by Ipsos-MORI during Q2 2005 base: 2206 and Q2 2006 base: 2439 UK adults.

On average, 83% of adults live in a household with access to digital radio, either via the internet or their digital TV. However, less than half this proportion (36%) said they had digital radio access at home (see Figure 35). This highlights a lack of awareness among consumers of the ability to listen to radio via digital TV and internet.

2.2.18 Profile of owners of digital radio services

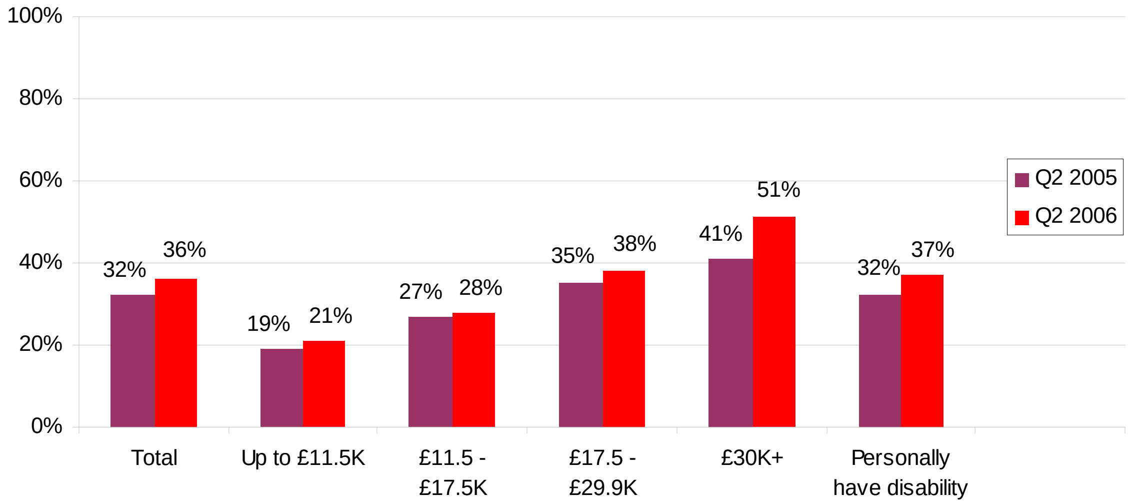
Figure 36: Age and socio-economic profile of DAB radio owners



Source: Ofcom Communications Tracking Survey, conducted by Ipsos-MORI. Q2 2005 base: 677 and Q2 2006 base: 885 UK adults with DAB radio.

Figure 36 illustrates the age and socio economic profile of those consumers who own DAB radio services. Older consumers (65+ years) and DEs are least likely to state they own a DAB radio set. However, unlike older consumers, ownership of DAB radio among DEs has not increased significantly since 2005.

Figure 37: Income and disability profile of DAB radio owners



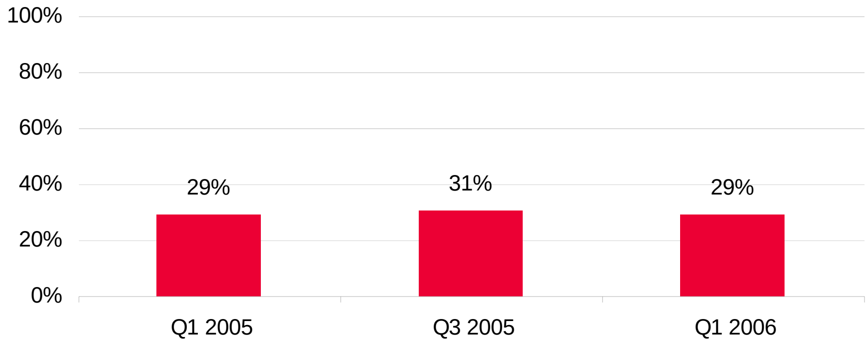
Source: Ofcom Communications Tracking Survey, conducted by Ipsos-MORI. Q2 2005 base: 677 and Q2 2006 base: 885 UK adults with DAB radio.

Ownership of DAB radio increased with income from 21% among those on the lowest incomes (less than £11.5K) to 51% among those on the highest incomes (£30K+). In fact it is higher income earners who have helped to drive the increase in DAB radio ownership since 2005 (Figure 37).

2.2.19 Bundled purchasing

Following a programme of LLU (local loop unbundling) in 2005 and early 2006 there has been a marked increase in the number and types of bundled[8] services that are offered in the UK. This is mainly due to the increased number of operators that have developed the facility to offer bundles for the first time, particularly in the area of broadband/fixed line bundling.

Figure 38: Percentage of consumers bundling services

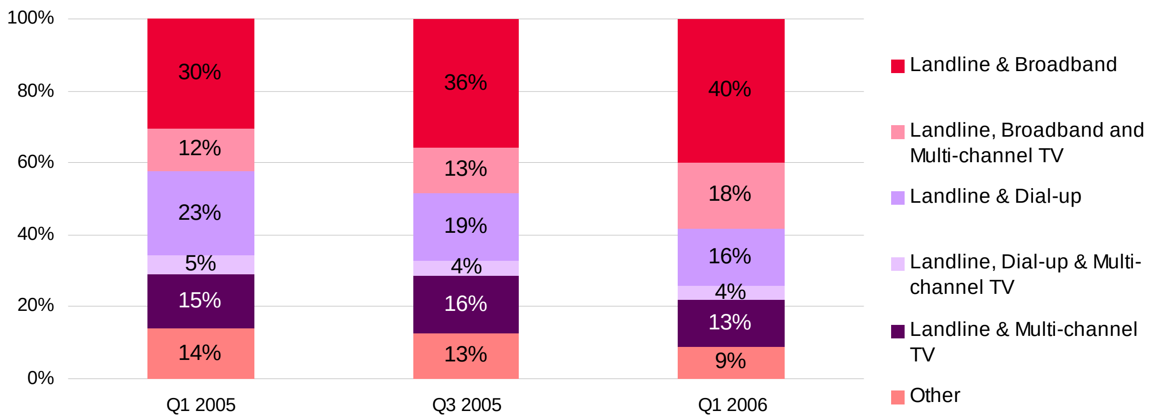


Source: Ofcom Communications Tracking Survey, conducted by Ipsos-MORI. Bases: Q1 2005 (2217), Q3 2005 (2220) and Q1 2006 (2214) UK adults who bundle at least two services.

The take-up of bundled services has remained relatively stable over the past year at just under a third (29%-31%)(Figure 38), however, there has been a shift in the types of services consumers are bundling.

This shift has largely been driven by the gradual migration to broadband internet from narrowband services. Broadband customers are increasingly choosing to purchase their broadband and fixed line services from a single supplier, with the proportion doing so rising significantly over the past year from 49% to 58% (Figure 39).

Figure 39: Trend in purchasing multiple communications services from a single supplier



Source: Ofcom Communications Tracking Survey, conducted by Ipsos-MORI. Bases: Q1 2005 (640), Q3 2005 (681) and Q1 2006 (686) UK adults who bundle at least two services.

[8] Bundling is where one service or product is tied to the supply of others including some situations where the supply of services are linked through the use of discounts

From Figure 39 above it is apparent that bundling of broadband and fixed line services has been a driver of switching. This is supported by findings from decision-making research conducted by Ofcom in June 2006 (see section 3) which shows that in the fixed line market one of the key drivers for switching behaviour is the ability to get bundled packages and the availability of additional services.

2.3 Consumer Access metric 3: non-ownership of communications services

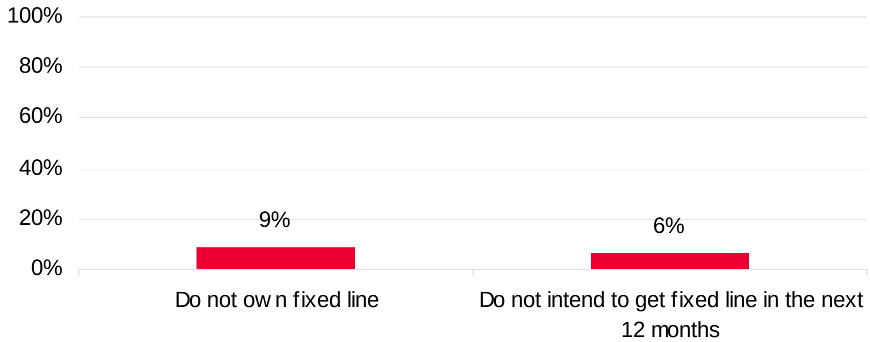
It is important to understand non-ownership to highlight whether or where there are issues that need to be addressed.

There are two main reasons for non-ownership; voluntary reasons and involuntary reasons. Voluntary non-ownership is where potential consumers are without access to services, primarily due to a perceived lack of need for a service or satisfaction with using alternative services. Involuntary non-ownership is where potential consumers are without access to a service but not through choice. Involuntary non-ownership is primarily due to affordability.

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

2.3.2 Non-ownership of fixed lines

Figure 40: Non-ownership of fixed lines

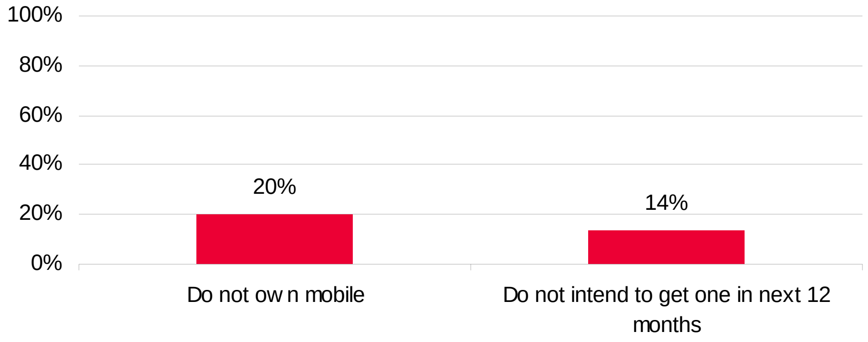


Source: Ofcom Communications Tracking Survey, conducted by Ipsos-MORI during Q2 2006. Base: 2439 UK adults.

At the end of 2005 9% of adults did not have a fixed line at home and 6% did not intend to get one in the next 12 months (see Figure 40).

2.3.3 Non-ownership of mobile services

Figure 41: Non-ownership of mobile services

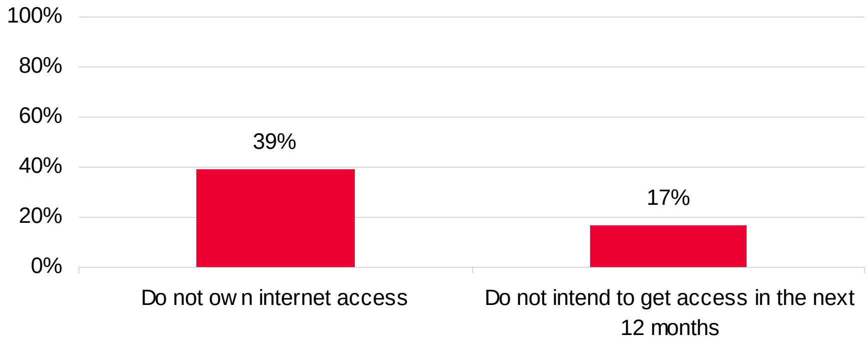


Source: Ofcom Communications Tracking Survey, conducted by Ipsos-MORI during Q2 2006. Base: 2439 UK adults.

A fifth of adults (20%) do not have a mobile phone (Figure 41), and 14% do not intend to get one in the next 12 months. Consumers aged 65+ are significantly more likely to say they do not want a mobile (45% compared to 14% average). The remainder are unsure whether or not they want a mobile phone.

2.3.4 Non-ownership of internet

Figure 42: Non-ownership of internet access

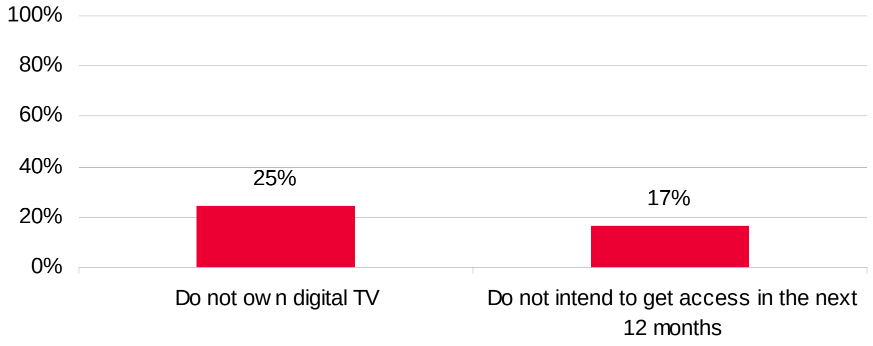


Source: Ofcom Communications Tracking Survey, conducted by Ipsos-MORI during Q1 2006. Base: 2214 UK adults.

Figure 42 shows that two-fifths of adults (39%) did not have access to the internet at the end of Q1 2006 and 17% said they did not intend to connect in the next 12 months. Uncertainty (in relation to whether or not consumers are likely to take up this service) is highest in the broadband market.

2.3.5 Non-ownership of digital TV

Figure 43: Non-ownership of digital TV



Source: Ofcom Consumer Panel Tracking Survey, conducted by saville-rossiter base during October 2005. Base: 2000 UK adults.

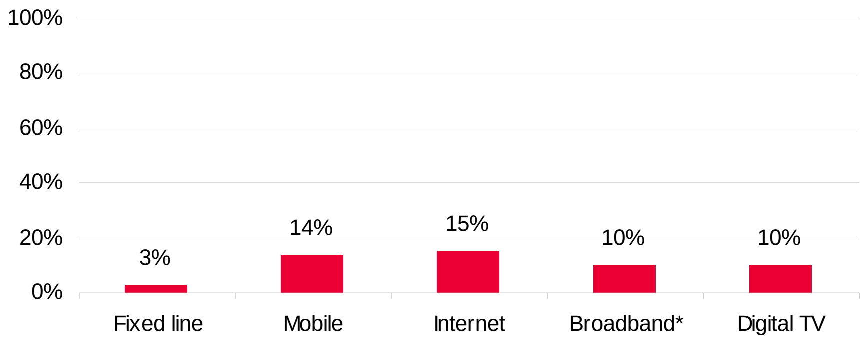
A quarter (25%) of adults lived in homes without access to digital TV, and 17% said they did not intend to get digital TV in the next 12 months (see Figure 43).

2.3.6 Voluntary non-ownership of communications services

This metric assesses the size and profile of the population who do not own various communication devices for voluntary reasons.

Voluntary non-ownership is where potential consumers are without access to services, primarily due to a perceived lack of need for a service or satisfaction with using 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 may not always be the case). It should also be noted that some consumers may give ‘voluntary’ non-ownership reasons because they do not wish to discuss financial/affordability issues within research.

Figure 44: Voluntary non-ownership of communications services



Source: Ofcom Communications Tracking survey, conducted by Ipsos-MORI for fixed line and internet. Base: 2439 UK adults. Ofcom Consumer Panel Tracking Survey, conducted by saville-rossiter base for mobile and digital TV. Base 2689 UK adults. Data for mobile and digital TV is from Ofcom Consumer Panel survey providing indicative comparison. *Broadband data is base on all internet users.

The data shown in Figure 44 are drawn from different surveys and some markets have been measured at different time periods. As such, the data provides only an indicative comparison of the levels of voluntary non-ownership across the communications markets.

Of all those who stated that they were unlikely to get a fixed line in the next 12 months, respondents were slightly more likely to say that it was because they didn't want a fixed line than they couldn't get one. Three per cent of adults said they didn't want a fixed line and a similar proportion (2%) said they would like a fixed line but couldn't get one (see Figure 53).

At the end of 2005 14% of consumers said they did not want a mobile - most of these said they were satisfied using their fixed line.

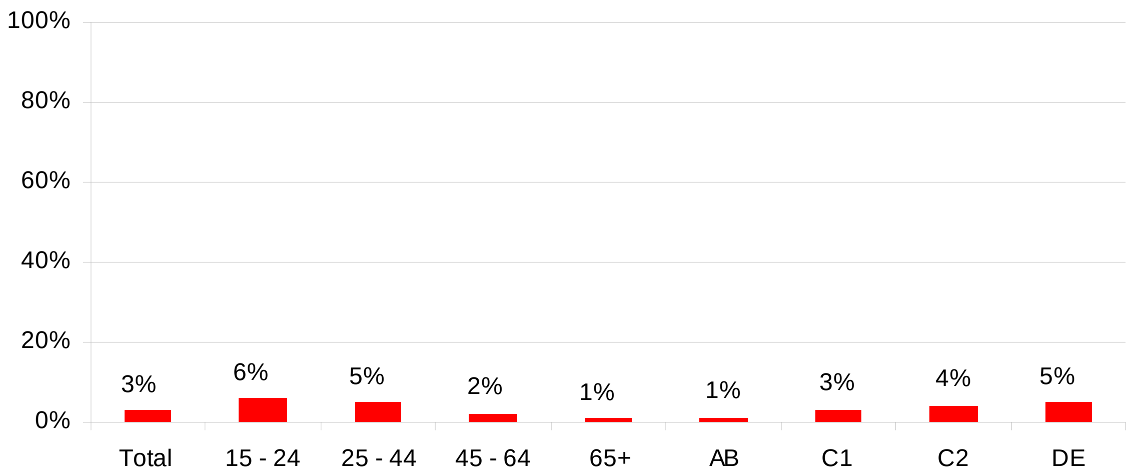
For 15% of the UK population, non-ownership of the internet is a positive decision and is because they did not want the internet (a further 2% were unsure whether or not they wanted to get home internet access). Internet ownership levels have remained unchanged since this survey.

One in ten adults said they did not want a digital TV (10%) and a further 11% were unsure whether or not they would like to get this service. Voluntary non-ownership was largely due to a perceived lack of need rather than technical or affordability issues. Qualitative research conducted by the Ofcom Consumer Panel revealed that the perceived benefits of more channels and higher picture quality were well known but were not seen as motivating to those that chose not to own digital television.

2.3.7 Profile of voluntary non-owners of communications services

Only those demographic groups that differ significantly are illustrated in the graphs below. See Annex 2 for a full breakdown of demographic groups by voluntary and involuntary reasons of non-ownership.

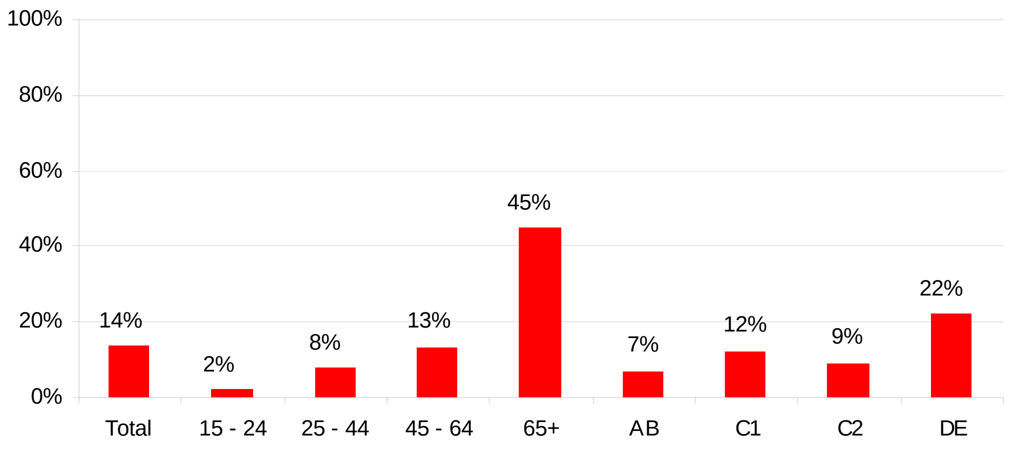
Figure 45: Voluntary non-ownership of fixed lines by age and socio-economic group



Source: Ofcom Communications Tracking Survey, conducted by Ipsos-MORI for (Q2 2006). Base: 2439 UK adults.

Figure 45 illustrates the age and socio-economic profile of voluntary fixed line non-ownership. Voluntary non-ownership is slightly biased towards younger consumers (15-24 years), those on a lower income (up to £11.5K) and DEs.

Figure 46: Voluntary non-ownership of mobiles by age and socio-economic group

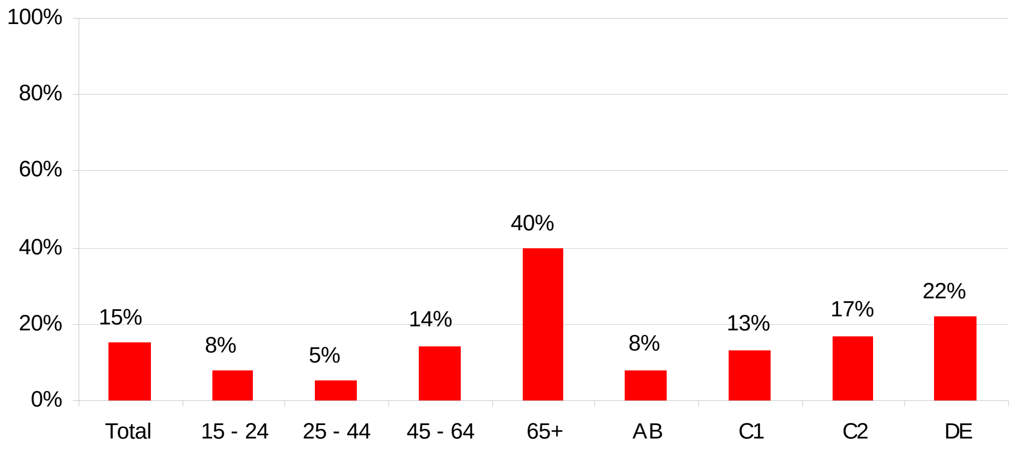


Source: Ofcom Consumer Panel Tracking Survey, conducted by saville rossiter-base. Base 2689 UK adults.

Voluntary non-ownership of mobile phone services is strongly driven by older consumers (65+ years) with 45% stating it was a positive decision that they do not own a mobile phone. DEs are also more likely than average to not own a mobile for positive reasons (Figure 46).

Those on lower incomes are also more likely to not own a mobile for voluntary reasons than others.

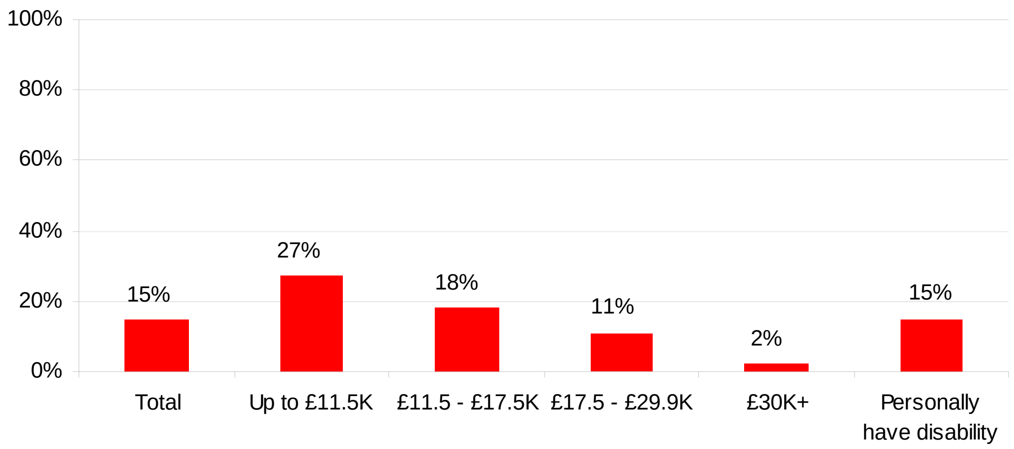
Figure 47: Voluntary non-ownership of internet by age and socio-economic group



Source: Ofcom Communications Tracking Survey, conducted by Ipsos-MORI for (Q2 2006). Base: 2439 UK adults.

Two fifths (40%) of older consumers (65+ years) have made a positive decision to not have internet access. This is more than double the average level of voluntary non-ownership. Voluntary non-ownership rises with socio-economic group from 8% among ABs through to 22% among DEs (Figure 47).

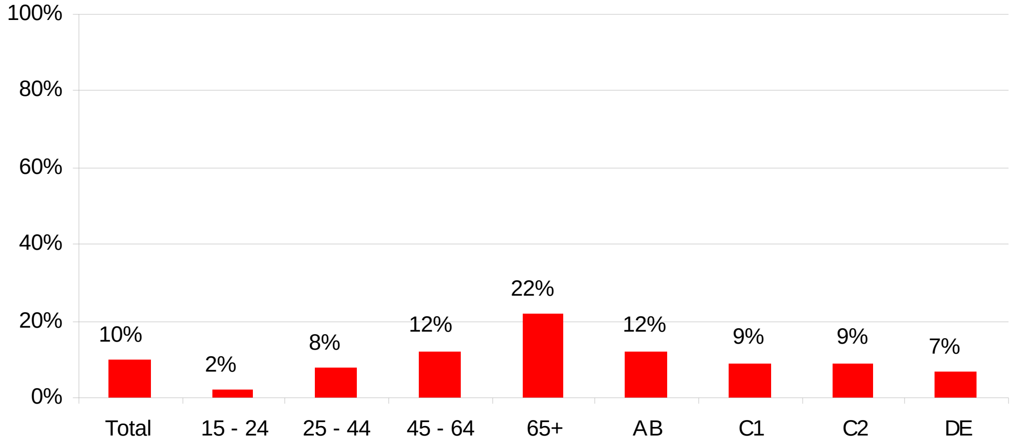
Figure 48: Voluntary non-ownership of internet by income and disability



Source: Ofcom Communications Tracking Survey, conducted by Ipsos-MORI for (Q2 2006). Base: 2214 UK adults.

Voluntary non-ownership of internet services decreases with income from 27% among those on a lower income (up to £11.5K) down to 2% among high income earners (£30K+) (Figure 48).

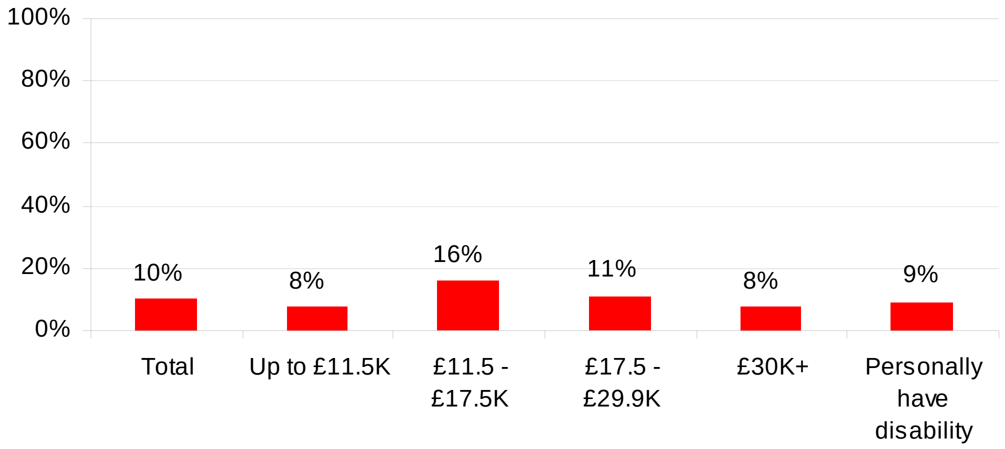
Figure 49: Voluntary non-ownership of broadband by age and socio-economic group



Source: Ofcom Communications Tracking Survey, conducted by Ipsos-MORI for (Q1 2006). Base: 1335 All internet users.

The older the consumer, the higher the level of voluntary broadband non-ownership, from 2% among the youngest consumers through to 22% among those who are 65+ years (Figure 49).

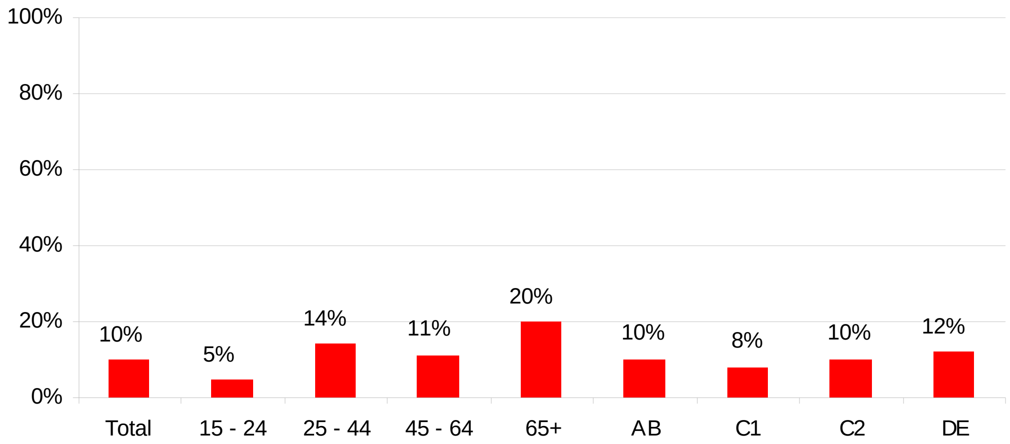
Figure 50: Voluntary non-ownership of broadband by income and disability



Source: Ofcom Communications Tracking Survey, conducted by Ipsos-MORI for (Q1 2006). Base: 1335 All internet users.

Voluntary non-ownership of broadband is higher among middle income earners (£11.5-£17.5K) (Figure 50).

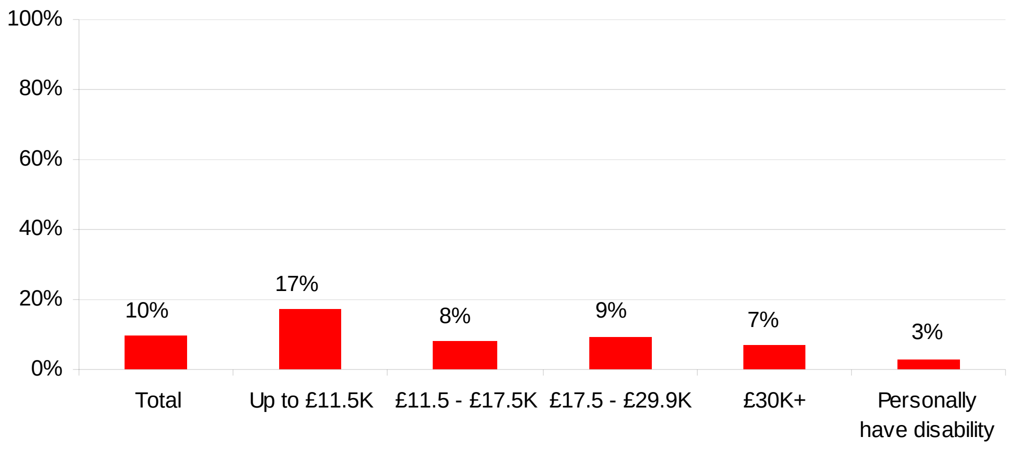
Figure 51: Voluntary non-ownership of digital TV services by age and socio-economic group



Source: Ofcom Consumer Panel Tracking Survey, conducted by saville rossiter-base for digital TV November 2005. Base 2689 UK adults.

Older consumers (65+ years) (20%) and those earning a lower income (up to £11.5K) (17%) are more likely than average (10%) to be voluntary non-owners of digital TV (Figure 51).

Figure 52: Voluntary non-ownership of digital TV services by income and disability



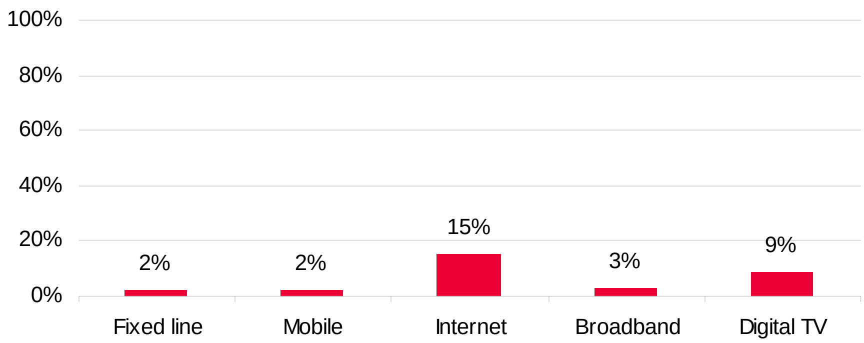
Source: Ofcom Consumer Panel Tracking Survey, conducted by saville rossiter-base for digital TV November 2005. Base 2689 UK adults.

Voluntary non-ownership of digital TV is higher among lower income earners (up to £11.5K) than others (Figure 52).

2.3.8 Involuntary non-ownership of communications services

Involuntary non-ownership is where potential consumers are without access to a service but not through choice. Involuntary non-ownership is primarily due to affordability.

Figure 53: Involuntary non-ownership of communications services

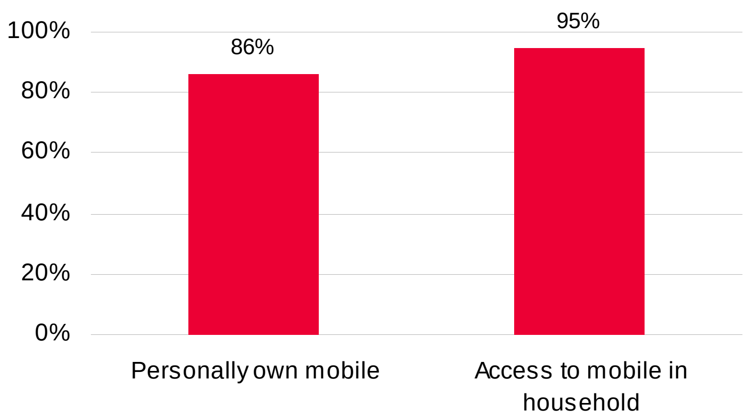


Source: Ofcom Communications Tracking Survey, conducted by Ipsos-MORI for (Q2 2006). Base: 2234 UK adults. Q1 2006 Base: 2214 UK adults. Ofcom Consumer Panel Tracking Survey, conducted by saville rossiter-base for mobile and digital TV November 2005. Base 2689 UK adults . Broadband base: 1335 All internet users.

The highest levels of involuntary non-ownership are in the internet (15%) and digital TV (9%) markets as illustrated in Figure 53. Involuntary non-ownership is principally due to affordability although lack of understanding of the benefits is a factor for a minority in both the digital TV and internet markets (including broadband). The lack of understanding in each of these markets is also demonstrated by the fact that around one in ten consumers are unsure whether or not they want each of these services.

The proportion of consumers who would like a mobile but can't get one (2%) is at a similar level to fixed lines.

Figure 54: Access to mobile services among those who do not have access to a fixed line



Source: Ofcom Communications Tracking Survey, conducted by Ipsos-MORI for (Q2 2006). Base: 217 UK adults who don't own a fixed line.

Figure 54 shows most adults living in homes without a fixed line personally use a mobile phone (86%) and 95% have access to at least one mobile in their household. The main reason for owning a mobile only is to control costs, or to avoid getting into debt. However, 16% of adults currently using a mobile instead of a fixed line say this is because they cannot afford the fixed line connection charges or line rental[9].

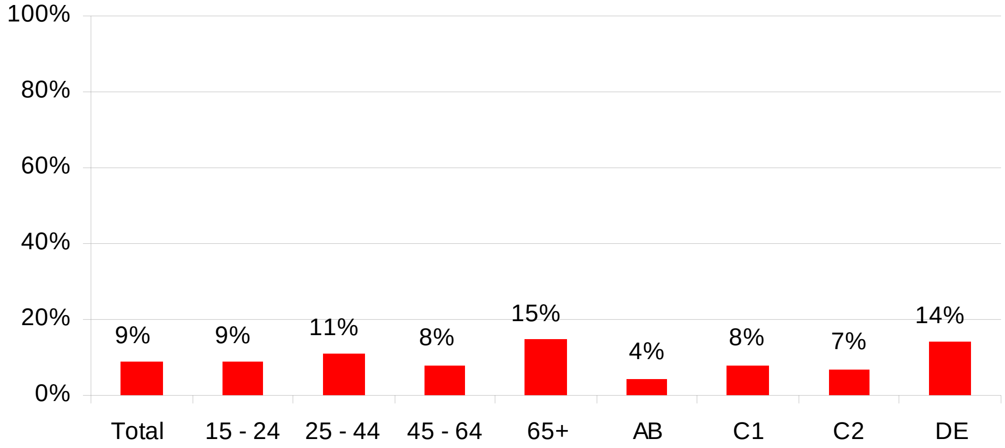
Three per cent of internet users say they do not have broadband for involuntary reasons. Over a third (38%) of those whose non-ownership is involuntary state cost of the monthly subscription as the main barrier to ownership[10]. However, strong price competition in the broadband market and the introduction of 'free' broadband may bring these services to an affordable level for more consumers. Ofcom data indicates that the cost of 1mbits/s broadband access halved from £30 to £15 between 2004 and 2005. The trend in prices of broadband services is covered in more detail in Consumer Choices and Range.

Unlike, voluntary non-ownership, levels of involuntary non-ownership of fixed line and mobile services are broadly similar across demographic groups (see Annex 2 for a full breakdown).

[9] Data collected in the Ofcom Communications Tracker Survey Q2 2006.
[10] Data collected in the Ofcom Communications Tracker Survey Q2 2006.

2.3.9 Profile of involuntary non-owners of communications services

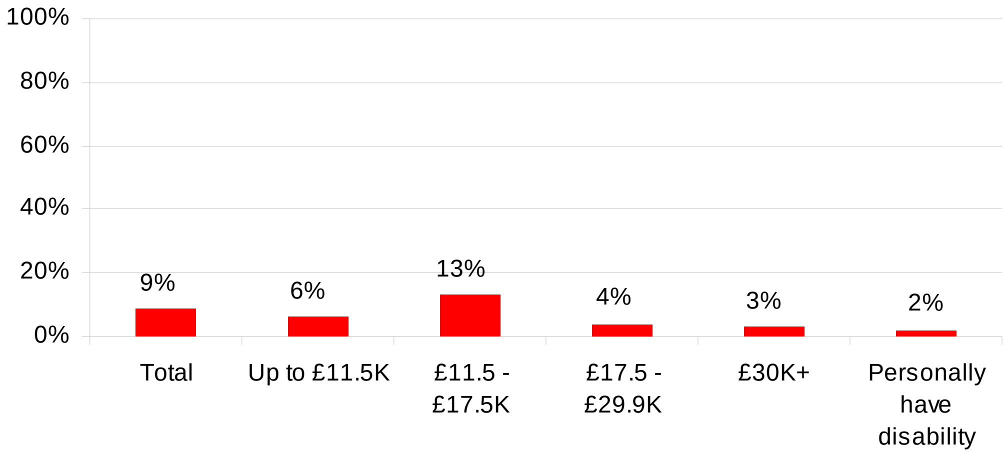
Figure 55: Involuntary non-ownership of digital TV by age and socio-economic group



Source: Ofcom Consumer Panel Tracking Survey, conducted by saville rossiter-base for digital TV November 2005. Base 2689 UK adults.

Involuntary non-ownership of digital TV increases among 65+ year olds (15%) and DEs (14%) (Figure 55).

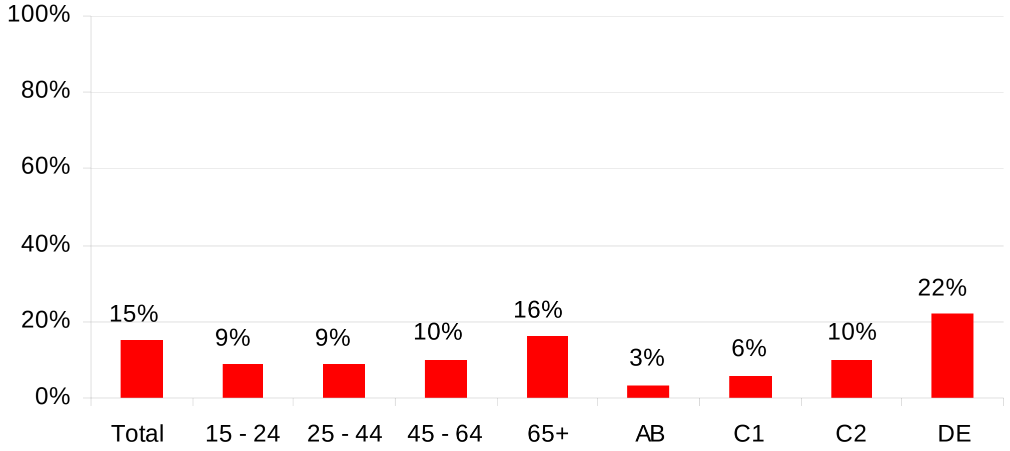
Figure 56: Involuntary non-ownership of digital TV services by income and disability



Source: Ofcom Consumer Panel Tracking Survey, conducted by saville rossiter-base for digital TV November 2005. Base 2689 UK adults.

Involuntary non-ownership of digital TV services is higher among middle income earners (£11.5-£17.5K) than average, decreasing to 3% among higher income earners (£30K+). Those consumers who have a disability are less likely than average to be involuntary non-owners (Figure 56).

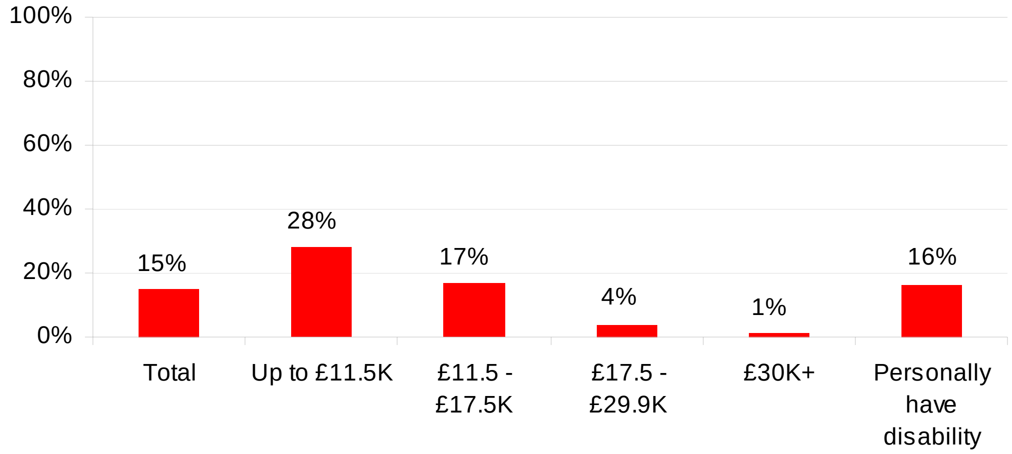
Figure 57: Involuntary non-ownership of internet by age and socio-economic group



Source: Ofcom Communications Tracking Survey, conducted by Ipsos-MORI for (Q2 2006). Base: 2439 UK adults.

Involuntary non-ownership of the internet increases among older consumers and DEs (Figure 57).

Figure 58: Involuntary non-ownership of internet by income and disability

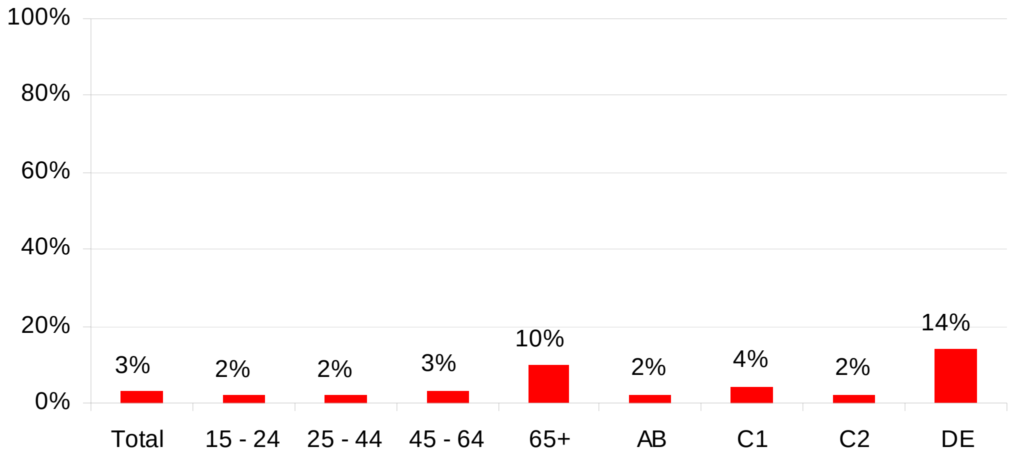


Source: Ofcom Communications Tracking Survey, conducted by Ipsos-MORI for (Q2 2006). Base: 2439 UK adults.

Involuntary non-ownership is also highest among lower income earners (up to £11.5K) where over a quarter (28%) do not have access for involuntary reasons (Figure 58).

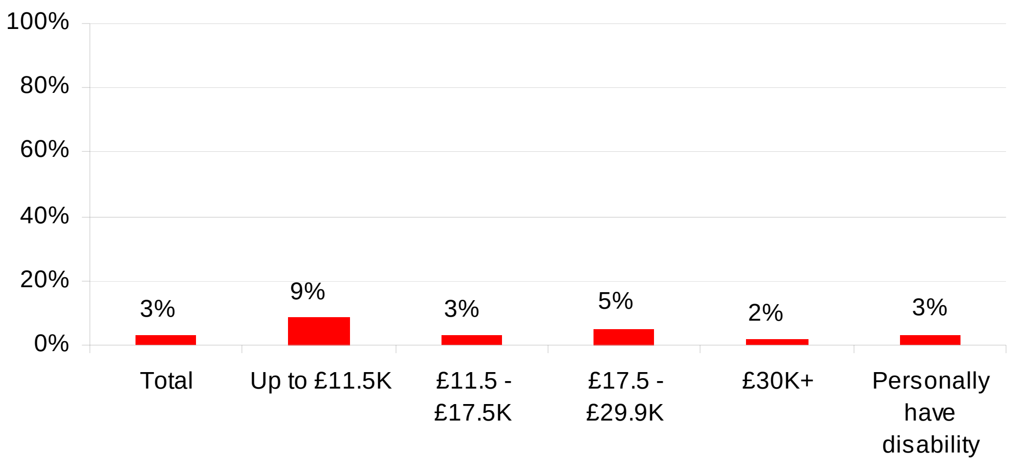
Consumers earning less than £11.5k are also least likely to own a PC (see Figure 19 and Figure 20 above) and therefore the issue of affordability is most likely to refer to the 'start-up costs' i.e. purchasing a PC as well as the cost of connecting to the internet.

Figure 59: Involuntary ownership of broadband by age and socio-economic group



Source: Ofcom Communications Tracking Survey, conducted by Ipsos-MORI for (Q2 2006). Base: 1335 All internet users.

Figure 60: Involuntary non-ownership of broadband by income and disability



Source: Ofcom Communications Tracking Survey, conducted by Ipsos-MORI for (Q2 2006). Base: 1335 All internet users.

Involuntary non-ownership of broadband among internet owners is higher among older consumers and DEs as well as among those earning less than £11.5k, than average (Figure 60).

Non-ownership of internet among consumers aged 55+

The Ofcom Consumer Panel conducted qualitative research during March 2006 among older consumers (55+) to better understand why this age group tended to be less likely to want or perceive that they need the internet at home.

The evidence from this piece of work suggests that there are a significant number of non-internet users who currently feel 'disengaged' but given the appropriate support and assistance would overcome their concerns and fears and benefit from PC / internet use.

The research identified that non-ownership amongst these consumers was less age-related and more closely linked to general attitudes. The research revealed two distinct attitudinal groups amongst non-internet users aged 55+:

'Disengaged' – (the majority of non-users); many were afraid of the unknown, of their ability, of breaking the PC, or of appearing foolish. However, this group of non-users showed an interest in going online.

'Rejecters' – (the minority of non-users) saw no benefit in using the internet.

The research also identified two groups of current internet users aged 55+:

'Absorbers' – who had learnt to use computers at work and are now competent users.

'Self-starters' - who had no training at work, but had realised the benefits of the internet. This group spoke about the internet with more enthusiasm than 'absorbers'. They were sufficiently motivated to educate themselves (although levels of competence varied considerably amongst this group).

Consumers suggested that for them to engage in the internet market, the environment for learning would need to be specifically tailored towards older people. For example, courses (free if possible) run by older people for older people and designed for genuine beginners might assist in encouraging take-up amongst these consumers. In addition, the idea of a mentor, based locally, who could assist face-to-face or at least over the telephone was considered similarly important.

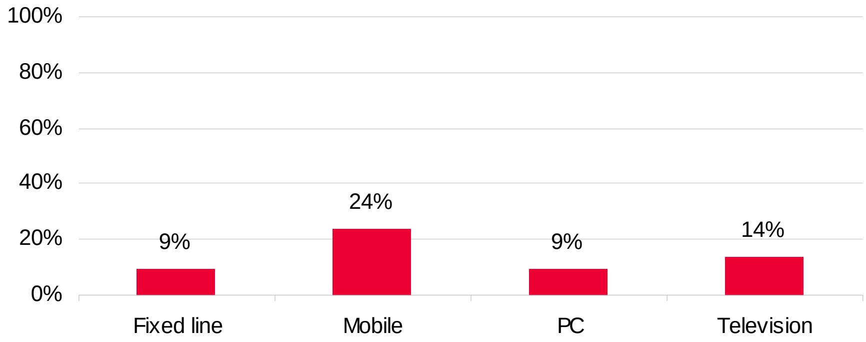
2.4 Consumer Access metric 4: degree of difficulty using technology

The final metric in the Consumer Access section assesses the proportion of consumers who experience difficulty when using communication devices, and identifies who is likely to experience difficulty and what the difficulty is.

2.4.1 Overall degree of difficulty using technology

Cost is the main stated barrier to ownership among those consumers who have been classified as 'involuntary non-owners'. However, perceptions of difficulty in using the technology or devices may also act as a barrier.

Figure 61: Difficulties using communications services



Source: Ofcom Communications Tracking Survey, conducted by Ipsos-MORI for (Q2 2006). Base: 2234 UK adults. Q1 2006. Base:2214.

While the majority of consumers do not have, or perceive they might have, any difficulties using each of the four platforms assessed, a significant minority do, as shown in Figure 61.

The highest levels of experienced or perceived difficulties are among mobile phone consumers. The most frequently mentioned difficulties with mobiles are: navigating the phone's menu system to use different features, writing text messages, difficulties hearing the person on the other end of the line, hearing the phone ringing and pressing the buttons on the mobile phone.

Just over one in ten (14%) adults has, or thinks they might have, difficulties operating a television. Hearing is the largest single difficulty with 4% having difficulty hearing quiet parts of programmes and hearing quiet voices.

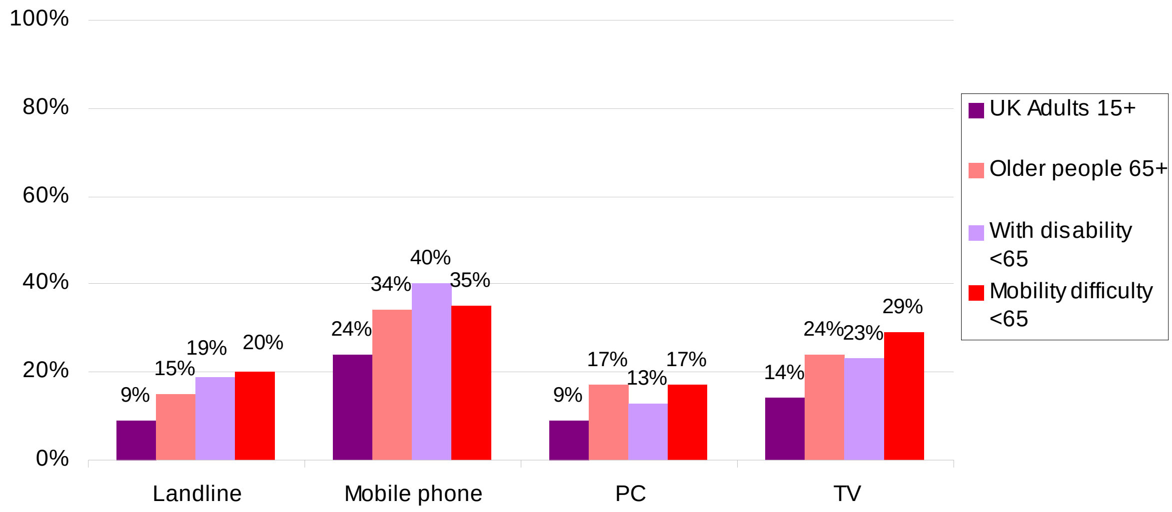
A similar proportion (9%) say they have, or think they might have, difficulties using fixed lines. As with television, these difficulties are largely hearing-related including: hearing the person on the other end of the line even with the volume turned up, and hearing the phone ring even with the volume turned up.

A minority of people have, or think they might have, problems with PCs (6%). The difficulties experienced are mainly using the mouse and/or using the keyboard. An equal percentage does not know whether they have, or might have, difficulties.

When looking at the percentage of consumers who have difficulties using communication devices it may seem counter-intuitive that consumers report more problems using a fixed line than they do using a PC. However, it needs to be remembered that this is among people who own these devices. In the case of PC owners, we can see from the demographic profile that those consumers are more likely to have problems than others (such as older consumers) are less likely to own a PC.

2.4.2 Profile of those who experience difficulties when using technology

Figure 62: Difficulties using various communications services, by disability



Source: Ofcom Communications Tracking Survey, conducted by Ipsos-MORI for (Q2 2006). Base: 2439 UK adults. Q1 2006 Base: 2214.

Figure 62 shows older people (aged 65+) are significantly more likely to say they have, or think they might have, difficulties with each of the technologies, than average. Mobile phones and televisions produce the highest incidence of problems for this age group, as well as consumers with disabilities.

Section 3

Consumer Choices and Range

Overview and objectives

The ‘Consumer Choices and Range’ metrics show consumer awareness of the choices available, in terms of both services and suppliers. We also explore use and attitudes in terms of purchasing behaviour and satisfaction, as well as the range of operators available to consumers.

This section also provides an overview of the prices of communications services currently available in the UK. How have these changed over time.

Consumer choices and range metrics

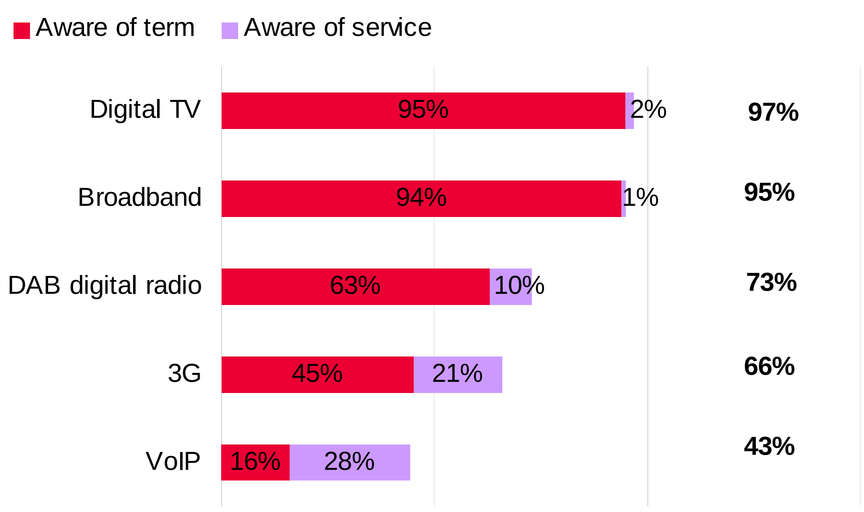
The table below lists the Consumer Choices and Range metrics. The numbers shown in this section are at an overall UK level based on the percentage of all adults/households. Where there are key differences for a particular demographic group, these metrics will be discussed in the text to indicate how they vary.

3.1 Consumer Choices and Range metric 1: awareness of technology

This metric assesses consumers' level of awareness of new technologies. Stakeholders commented during the consultation that consumers are less aware of the technical terms for some communications services than they are of the types of services available when these are described to them, e.g. 3G services enable mobile video calling. For this reason we have included awareness of both the technology and the service benefits.

3.1.2 Awareness of technology

Figure 63: Awareness of technologies and the services these technologies make available



Source: Ofcom Consumer Panel Survey, conducted by saville rossiter-base during October-November 2005. Base 2689 UK adults.

Overall awareness of digital TV and broadband are high. The results are summarised in Figure 63.

There has been a significant increase in awareness in each of the terms 'broadband' (89% in 2004), 'digital TV' (89% in 2004) and '3G' (23% in 2004) since 2004. Awareness of 'VoIP (Voice over Internet Protocol)' had the lowest level of awareness of these communications terms.

3.2 Consumer Choices and Range metric 2: range of operators available

UK consumers are able to choose from a number of operators in each of the communications services analysed in this report (see Table 1).

Table 1: Range of operators in the communications market

Fixed line	122
Mobile	5 MNOs >100 VMNOs
Internet	*700 service providers*
Television	**354 TV channels** 12 PSB channels 342 private channels
Radio*	337 analogue stations of which 166 are simulcast on DAB 50 stations that are only broadcast on DAB

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

3.2.1 Number of fixed line operators available

The latest figures available to Ofcom indicate there are around 122 operators offering public voice telephony (Table 1).

3.2.2 Number of mobile operators available

Within the mobile services market there are five mobile network operators (MNOs); Vodafone, Orange, T-Mobile, O2 and 3. In addition there are over 100 virtual mobile network operators (VMNOs). A VMNO is where a company buys airtime from one of the five network operators and resells it under their company name, rather than that of the network owner. For example, Virgin and easymobile use the T-Mobile network and One Tel uses the Vodafone network (Table 1).

3.2.3 Number of internet service providers (ISP) available

The exact number of ISPs operating is not known for certain; however based on desk research of both main suppliers and niche suppliers it is estimated there are around 700 IPSs operating in the UK (Table 1).

3.2.4 Number of television channels available

354 television channels are available to consumers in the UK, 12 of these are public channels and the remaining 342 are community-owned (Table 1).

3.2.5 Number of radio stations available

UK radio is still dominated by analogue stations; however there are now a significant number of DAB stations available as well (Table 1). Of the 337 analogue stations, 166 also simulcast DAB, along with an additional 50 stations which only broadcast on DAB.

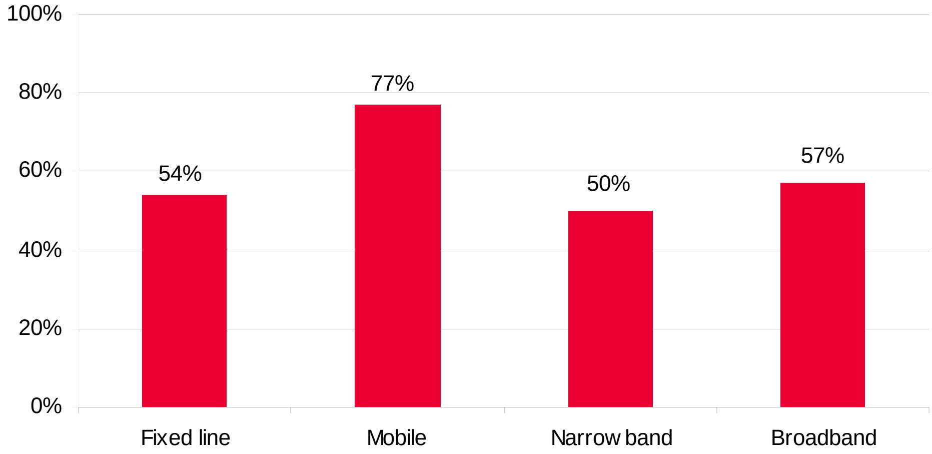
3.3 Consumer Choices and Range metric 3: awareness of suppliers

Awareness of suppliers is the third metric in understanding consumer choices and range. It is important to understand the level of awareness consumers have, as a high level of awareness of competitor suppliers is necessary before an informed choice can be made.

3.3.1 Spontaneous awareness of suppliers

Spontaneous awareness measures consumers 'top of mind' awareness of actual suppliers as well as the number of suppliers.

Figure 64: Spontaneous awareness of two or more suppliers



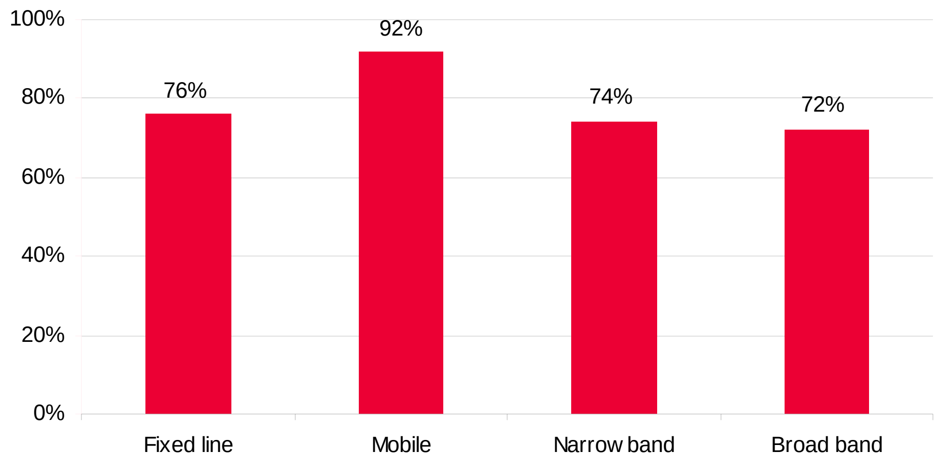
Source: Ofcom Communications Tracking Survey, conducted by Ipsos-MORI for (Q2 2006). Base: 2439 UK adults.

Error! Reference source not found. shows spontaneous awareness of two or more suppliers is highest for the mobile market, with over three-quarters (77%) of respondents aware. There is a similar level of awareness of two or more suppliers in the fixed line and internet markets.

3.3.2 Prompted awareness of suppliers

When prompted, most consumers are aware that they have a choice of supplier in each area as illustrated in **Error! Reference source not found.**.

Figure 65: Prompted awareness of two or more suppliers



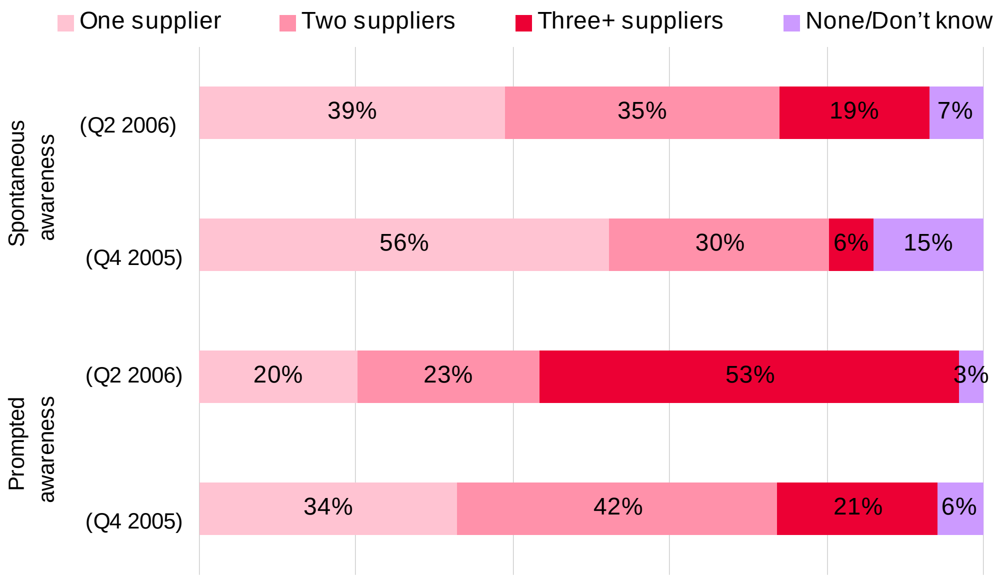
Source: Ofcom Communications Tracking Survey, conducted by Ipsos-MORI for (Q2 2006). Base: 2234 UK adults.

Around three quarters are aware of two or more fixed line (76%) or internet (74%-72%) suppliers (**Error! Reference source not found.**). However, there are also comparatively high percentages of consumers who do not know any internet suppliers (9% don't know any narrowband suppliers and 16% don't know any broadband suppliers).

3.3.3 Awareness of fixed line suppliers over time

Awareness of fixed line suppliers has risen significantly in the last 9 months.

Figure 66: Spontaneous and prompted awareness of fixed line suppliers over time



Source: Ofcom Communications Tracking Survey, conducted by Ipsos-MORI during Q2 2006. Base: 2234 UK adults with a fixed line.

Currently over half (54%) of fixed line customers are spontaneously aware of two or more suppliers available in their area. In fact nearly a fifth (19%) of fixed line customers say they are aware of three or more suppliers, compared to 6% at the end of 2005 (illustrated in Figure 66).

When prompted with a list of suppliers, awareness of three or more suppliers rises to over half (53%). Indirect and wholesale line rental suppliers such as TalkTalk are included in these levels of awareness.

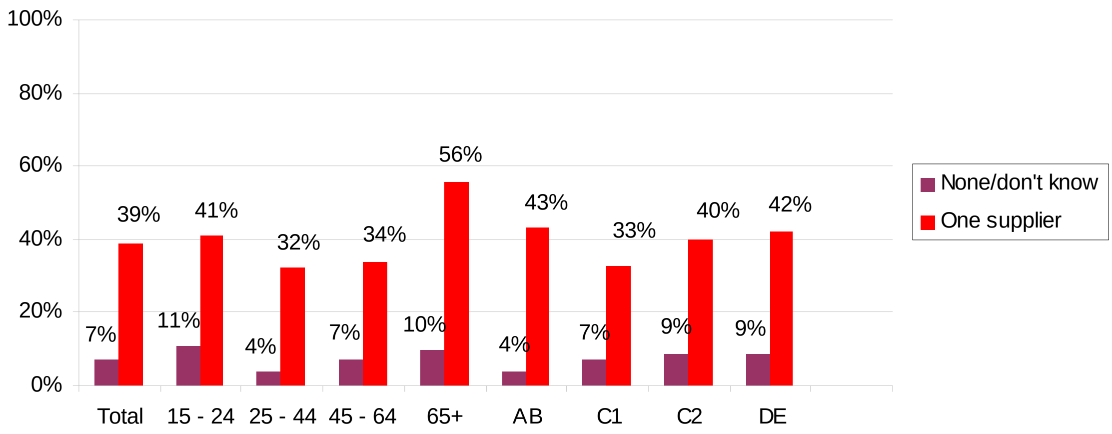
The four fixed line suppliers with the highest levels of awareness are BT (94%), NTL (43%), TalkTalk/Carphone Warehouse (29%) and Telewest (26%).

3.3.4 Awareness of fixed line suppliers by demographic groups

Demographic group differences are illustrated in the figures below. See Annex 2 for a full breakdown of demographic groups by awareness of suppliers in the communications markets.

Figure 67 shows that there are significant differences in awareness of fixed line suppliers by demographic groups.

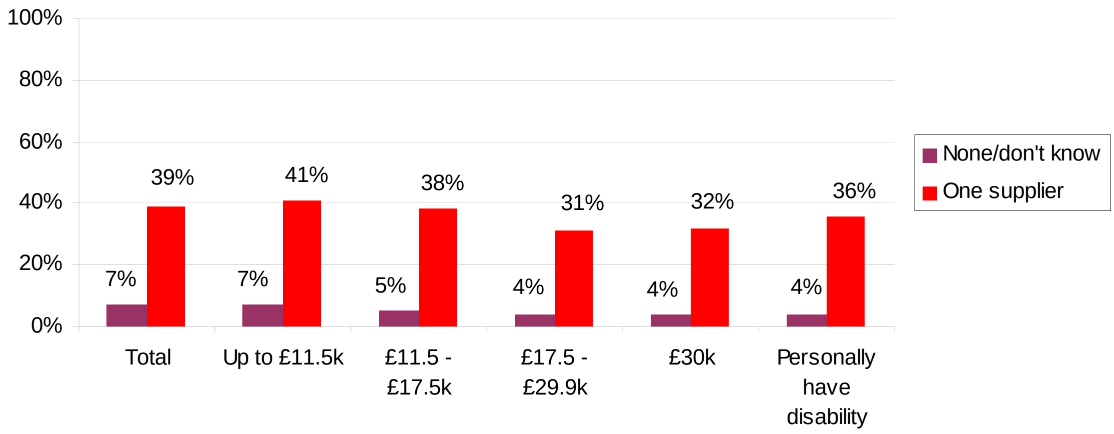
Figure 67: Spontaneous awareness of fixed line suppliers by age and socio-economic group



Source: Ofcom Communications Tracking Survey, conducted by Ipsos-MORI during Q2 2006. Base: 2234 UK adults with a fixed line.

Overall nearly four in ten are aware of one supplier. Older consumers (65+ years) are more likely to be aware than average of only one supplier (Figure 67). In total nearly half (46%) of consumers are aware one fixed line supplier or no suppliers at all.

Figure 68: Spontaneous awareness of fixed line suppliers by income and disability



Source: Ofcom Communications Tracking Survey, conducted by Ipsos-MORI during Q2 2006. Base: 2234 UK adults with a fixed line.

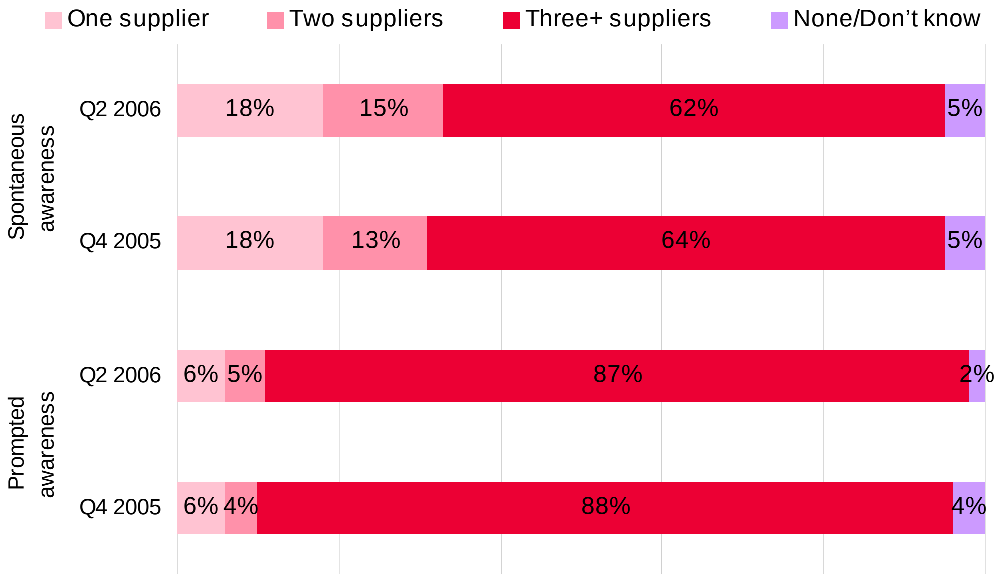
Consumers earning £17.5K+ are the most likely to be aware of only one supplier in the fixed line market compared with those earning less (Figure 68).

When consumers are prompted with a list of fixed line suppliers, similar demographic differences are observed, with the highest level of awareness of only one supplier among older consumers and lower income earners.

3.3.5 Awareness of mobile suppliers over time

Mobile customers are more likely to be aware of multiple suppliers/networks than fixed line customers, with 77% spontaneously aware of two or more alternatives and nearly two-thirds (62%) aware of three or more Figure 69.

Figure 69: Awareness of mobile suppliers



Source: Ofcom Communications Tracking Survey, conducted by Ipsos-MORI during Q2 2006. Base: 1696 UK adults with a mobile.

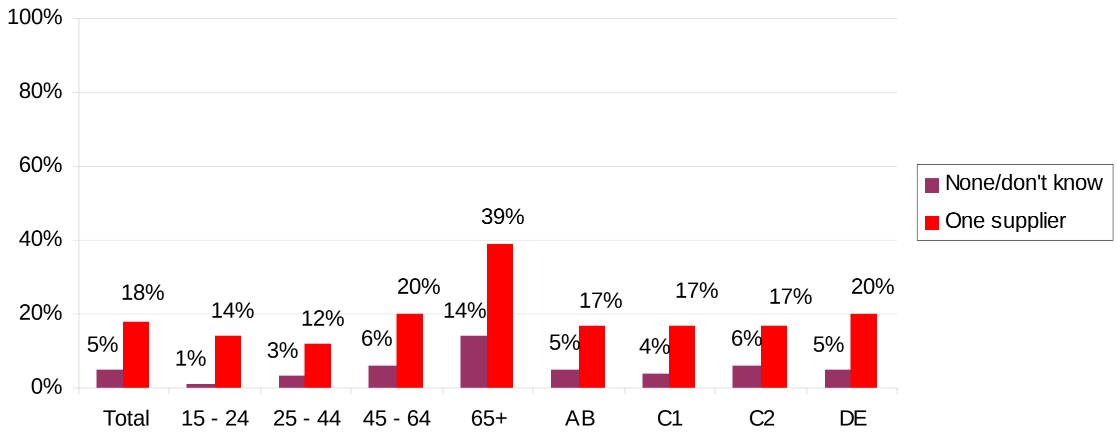
Figure 69 shows that prompting consumers with the names of suppliers increases awareness of three or more to 87%. There has been little change in awareness levels in this market since last measured in Q4 2005.

The mobile network suppliers with the highest levels of awareness are Orange (84%), Vodafone (81%), O2 (72%) and T-mobile (65%).

3.3.6 Awareness of mobile suppliers by demographic groups

Awareness of one supplier in the mobile market differs by age and income and is reflected in both spontaneous and prompted awareness.

Figure 70: Spontaneous awareness of mobile suppliers by age and socio-economic group

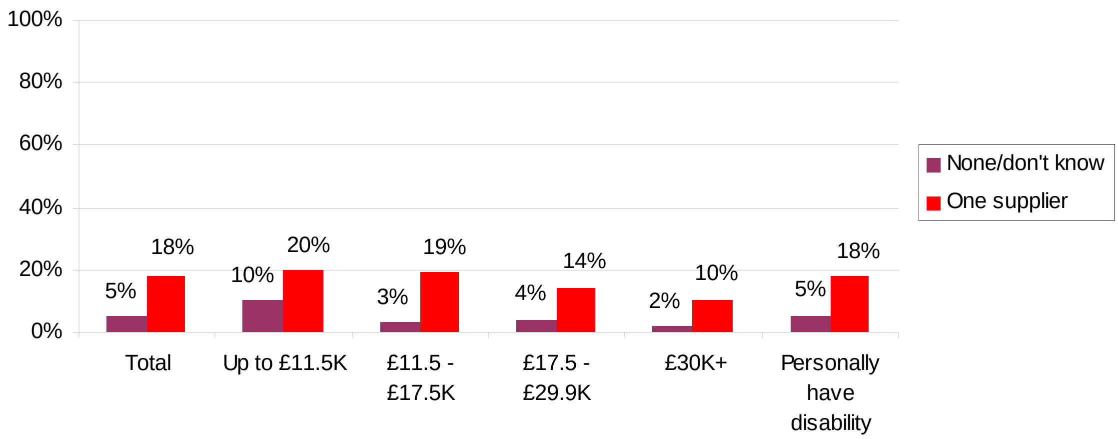


Source: Ofcom Communications Tracking Survey, conducted by Ipsos-MORI during Q2 2006. Base: 1696 UK adults with a mobile.

Awareness of only one supplier is double (39%) among those aged 65+ compared with the average level of awareness (18%) (Figure 70). This age group also records the highest levels of 'don't know' confirming lower levels of supplier awareness in the mobile market.

In total 23% are either not aware of a mobile supplier or only aware of one supplier.

Figure 71: Spontaneous awareness of mobile suppliers by income and disability



Source: Ofcom Communications Tracking Survey, conducted by Ipsos-MORI during Q2 2006. Base: 1696 UK adults with a mobile.

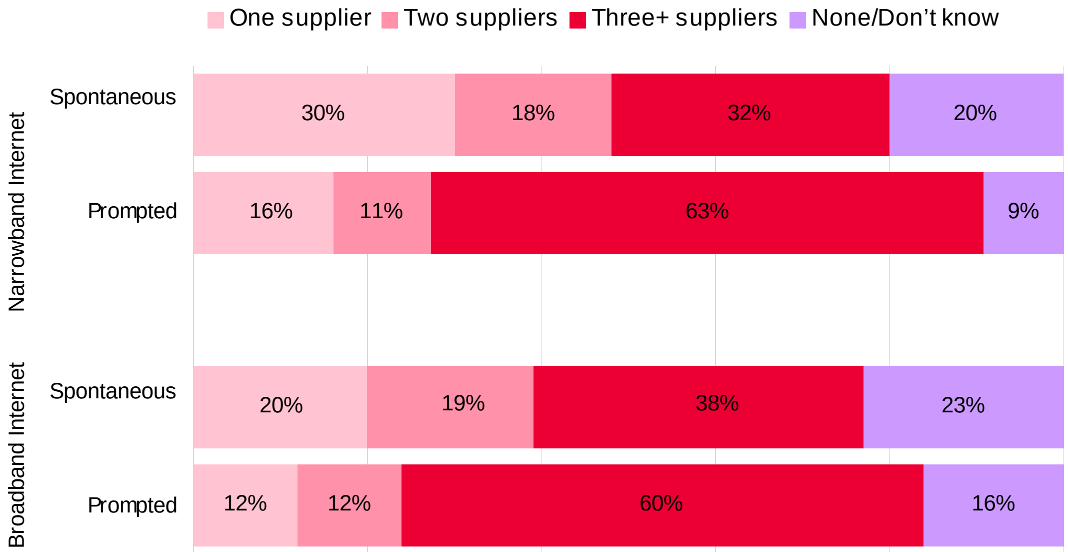
One in ten consumers who earn up to £11.5K (10%) do not know of any suppliers in the mobile market. This lack of awareness decreases for higher income groups (Figure 71).

3.3.7 Awareness of internet suppliers

Awareness of suppliers is lowest in the internet market with around a fifth of internet customers unable to spontaneously name any narrowband or broadband internet service providers (ISPs) in their area (see Figure 72).

Half of internet consumers were spontaneously aware two or more narrowband suppliers, and this rises to 74% when prompted.

Figure 72: Spontaneous and prompted awareness of internet suppliers

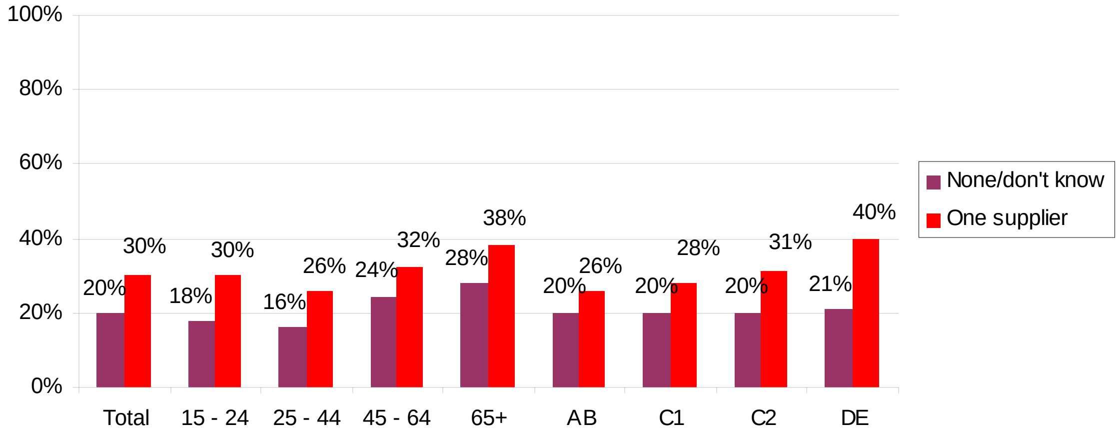


Source: Ofcom Communications Tracking Survey, conducted by Ipsos-MORI during Q2 2006. Base: 1267 UK adults with a internet.

Spontaneous awareness of multiple broadband suppliers was slightly higher at 57% of internet customers, rising to 72% on prompting. We are not yet able to compare changes in ISP awareness.

3.3.8 Awareness of narrowband suppliers by demographic groups

Figure 73: Spontaneous awareness of narrowband suppliers by age and socio-economic groups

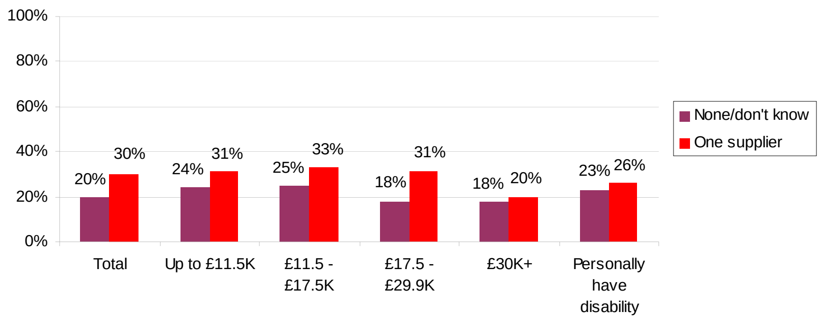


Source: Ofcom Communications Tracking Survey, conducted by Ipsos-MORI during Q2 2006. Base: 1267 UK adults with the internet.

Both spontaneous and prompted awareness of only one supplier in the narrowband markets was higher among older consumers (65+ years), C2s and DEs (Figure 73). This group also records the highest levels of 'don't knows' confirming lower levels of supplier awareness in the narrowband market (Figure 73).

In total 50% of internet consumers were only aware of one supplier or not aware of any.

Figure 74: Spontaneous awareness of narrowband suppliers by income and disability



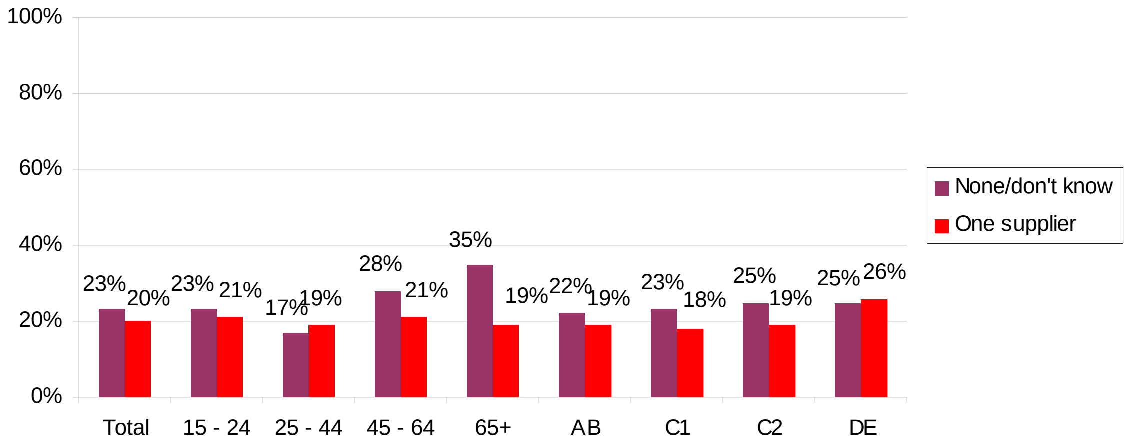
Source: Ofcom Communications Tracking Survey, conducted by Ipsos-MORI during Q2 2006. Base: 1267 UK adults with the internet.

The percentage of consumers who don't know of any narrowband suppliers is higher among lower income earners (up to £11.5K) and middle income earners (£11.5K-£17.5K) with one in four not aware of any (Figure 74).

3.3.9 Awareness of broadband suppliers by demographic groups

Demographic differences in awareness of broadband suppliers is similar for both spontaneous and prompted awareness.

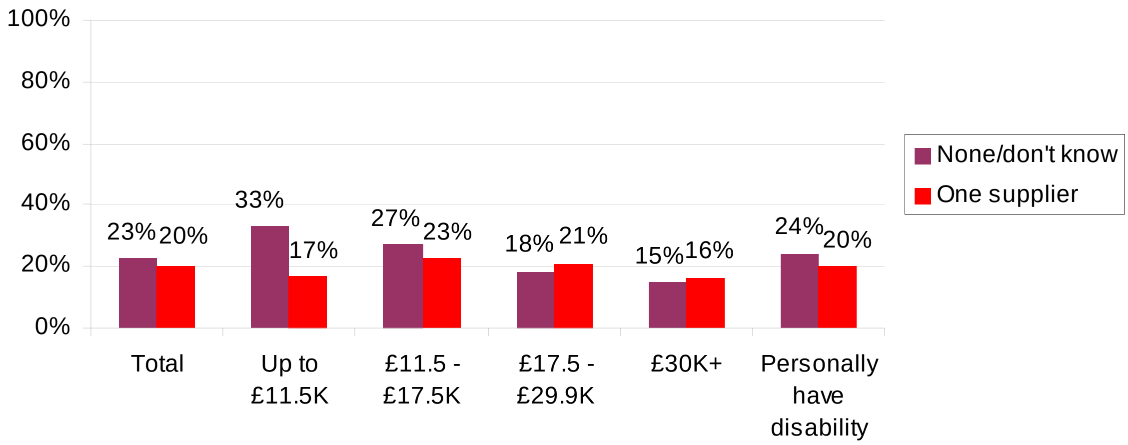
Figure 75: Spontaneous awareness of broadband suppliers by age and socio-economic groups



Source: Ofcom Communications Tracking Survey, conducted by Ipsos-MORI during Q2 2006. Base: 1267 UK adults with the internet.

One in five were aware of one broadband supplier, and 43% were either aware of only one supplier or not aware. Awareness of suppliers is lower in the broadband market with a higher level of don't knows. Lack of awareness is highest among 65+ year olds (35%) followed by 45-64 year olds (28%). Awareness of only one supplier is also higher among DEs (25%) (Figure 75).

Figure 76: Spontaneous awareness of broadband suppliers by income and disability



Source: Ofcom Communications Tracking Survey, conducted by Ipsos-MORI during Q2 2006. Base: 1267 UK adults with the internet.

Consumers earning up to £11.5K are more likely to state they are not aware of any broadband suppliers (33%) compared with the average (23%) (Figure 76).

The four suppliers in both narrowband and broadband markets with the highest levels of consumer awareness were;

- BT – 46% narrowband awareness and 35% broadband awareness
- AOL – 44% narrowband awareness and 37% broadband awareness
- NTL – 31% narrowband awareness and 28% broadband awareness
- Tiscali – 27% narrowband and broadband awareness

3.4 Consumer Choices and Range metric 4: satisfaction with communications services

Satisfaction can be measured on a number of different elements of a service. The following sections report consumers' satisfaction with value for money and reliability of service.

3.4.1 Satisfaction with overall services

Overall levels of satisfaction across communications markets are high and broadly similar across platforms, ranging between 88% and 93%.

Figure 77: Satisfaction with overall services over time

Source: Ofcom Communications Tracking Survey, conducted by Ipsos- MORI. Q2 2005. Base: 2206, Q2 2006 base: 2439 UK adults. Don't knows have been excluded.

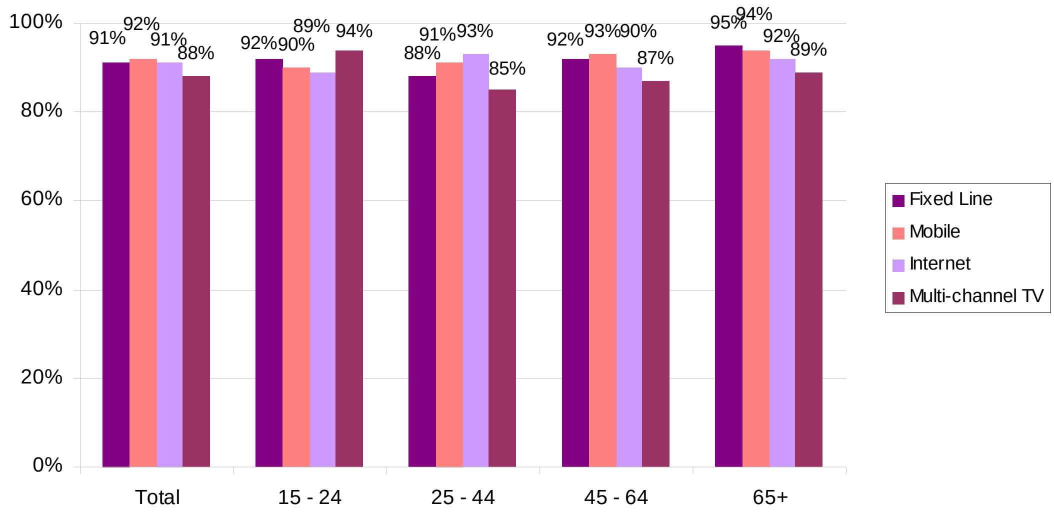
Figure 77 shows that satisfaction with overall service in the fixed line and mobile services markets has remained stable since 2005.

Additional analysis shows that a lower percentage of narrowband consumers say they are very satisfied compared with broadband consumers. This difference is due to a lower level of satisfaction with speed of service among narrowband consumers.

3.4.2 Satisfaction with overall services by demographic group

Figure 78, Figure 79 and Figure 80 show the demographic breakdown of those who are satisfied with overall service.

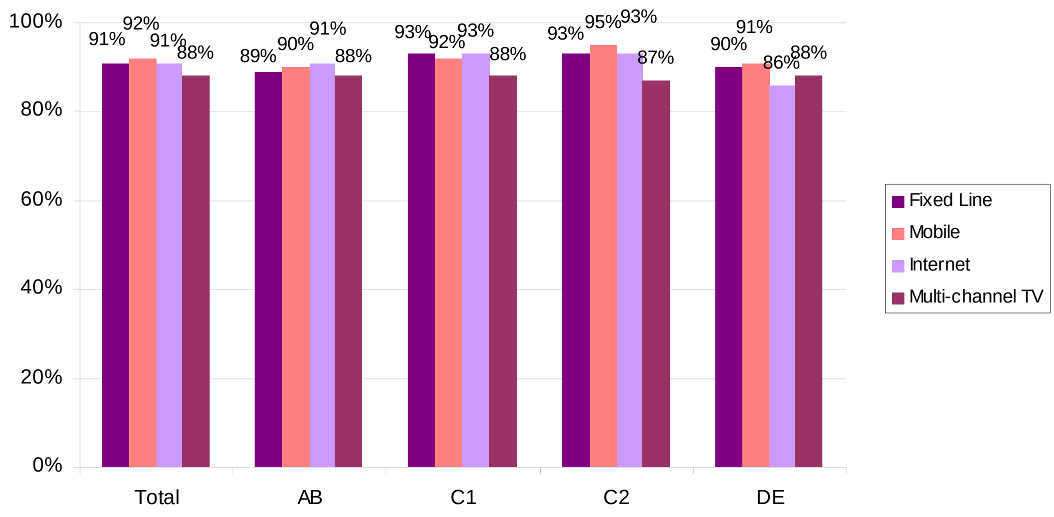
Figure 78: Satisfaction with overall services by age



Ofcom Communications Tracking Survey, conducted by Ipsos-MORI Q2 2006 bases: 2439 UK adults. Don't knows have been excluded.

Satisfaction with overall communications service is high across all demographic groups. Figure 78 shows satisfaction with multi-channel TV is higher among 15-24 year olds (94%) than other age groups (range 85%-89%)

Figure 79: Satisfaction with overall services by socio-economic group



Ofcom Communications Tracking Survey, conducted by Ipsos-MORI Q2 2006 bases: 2439 UK adults. Don't knows have been excluded.

Satisfaction with overall service provided by internet suppliers is higher for among ABC1s and C2s than among DEs (Figure 79).

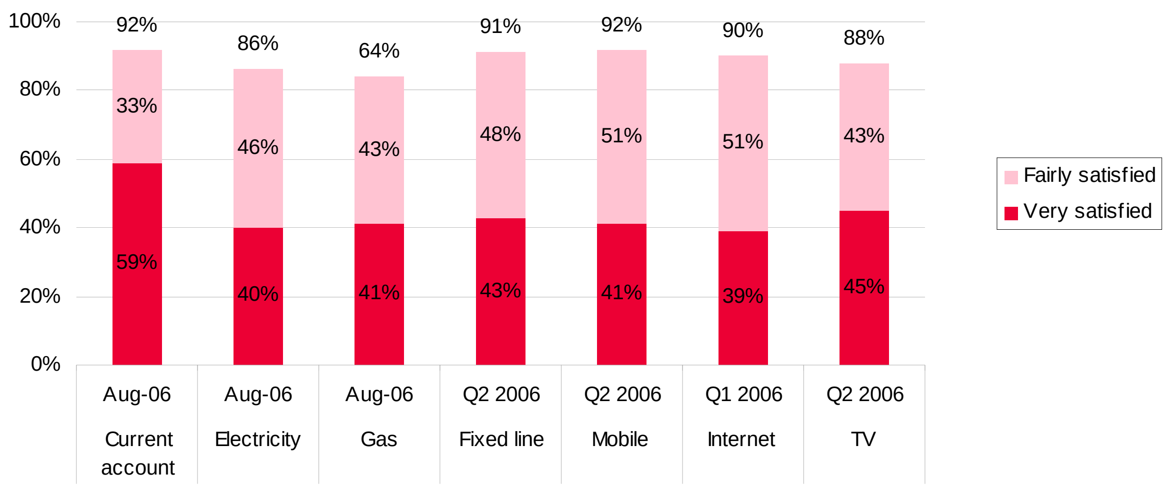
Figure 80: Satisfaction with overall services by income and disability

Source: Ofcom Communications Tracking Survey, conducted by Ipsos-MORI Q2 2006 Bases: UK adults 2439. Don't knows have been excluded.

The percentage of satisfied fixed line consumers is lower among those who earn £30K+ compared with others (Figure 80).

3.4.3 Satisfaction with overall services: Comparison with other markets

Figure 81: Overall satisfaction with services: comparisons with other markets

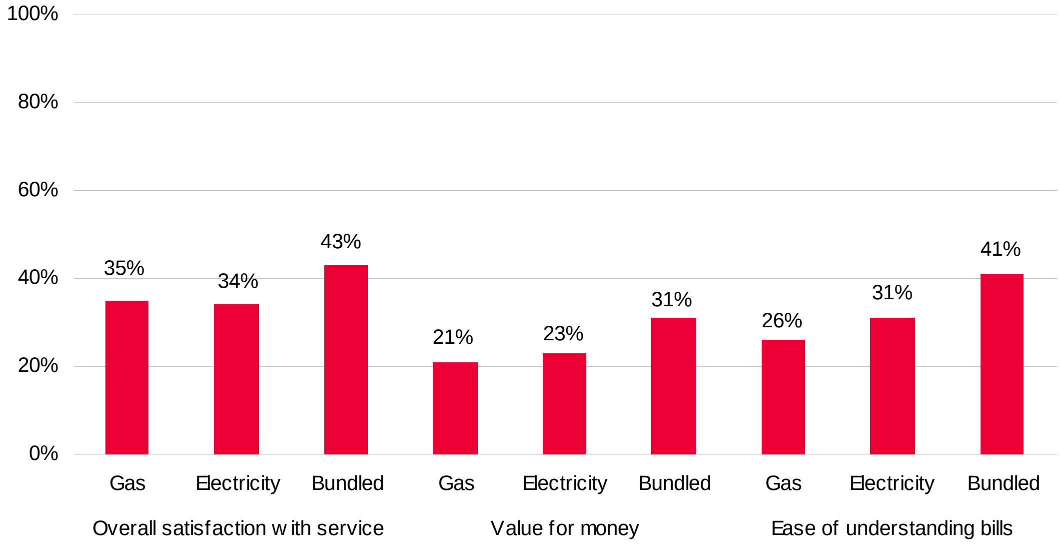


Source: Ofcom Communications Tracking Survey, conducted by Ipsos-MORI during Q2 2006. Base: 2074 UK adults with a fixed line, 1696 UK adults with mobile, 1619 UK adults with multi-channel TV. Internet data was collected in Q1 2006 amongst 1244 UK adults with internet. An additional ad hoc survey conducted by ICM on behalf of Ofcom during August 2006. Base: 972 UK adults with gas, 1064 UK adults with electricity. Don't knows have been excluded.

Figure 81 shows the overall satisfaction levels across communications markets is in line with banking (current accounts) and the levels are higher than for the energy markets (gas and electricity).

3.4.4 Comparison of bundling on overall satisfaction in other markets

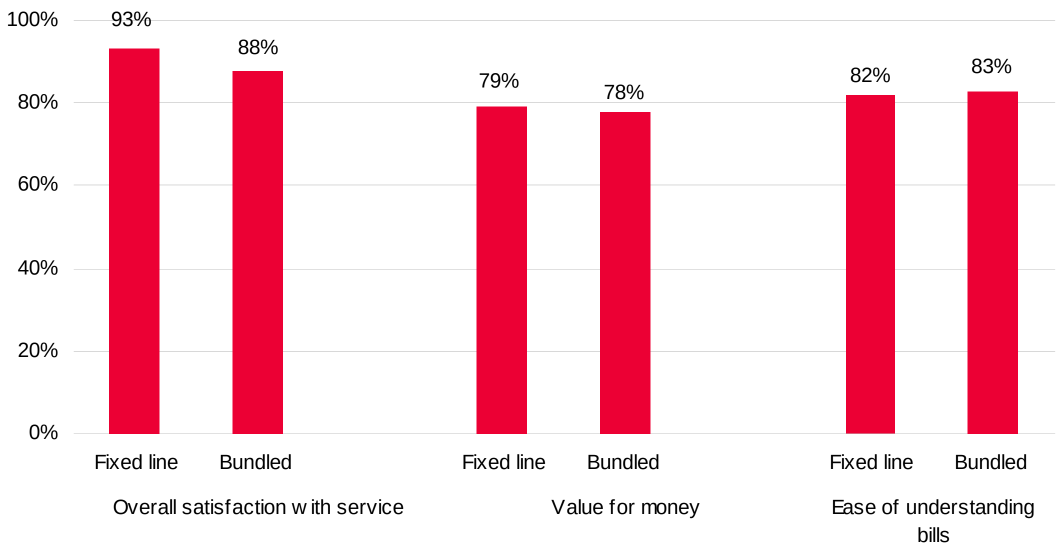
Figure 82: Comparison of bundling on overall satisfaction in energy markets



Source: Ad hoc survey conducted by ICM on behalf of Ofcom during August 2006. Base: 754 UK adults responsible for gas supply, 829 UK adults responsible for electricity supply, 713 UK adults responsible for both gas and electricity and use one supplier for both. Don't knows have been excluded.

In the energy market consumers of bundled services have a higher level of satisfaction than unbundled consumers (Figure 82).

Figure 83: Comparison of bundling on overall satisfaction in the fixed line market



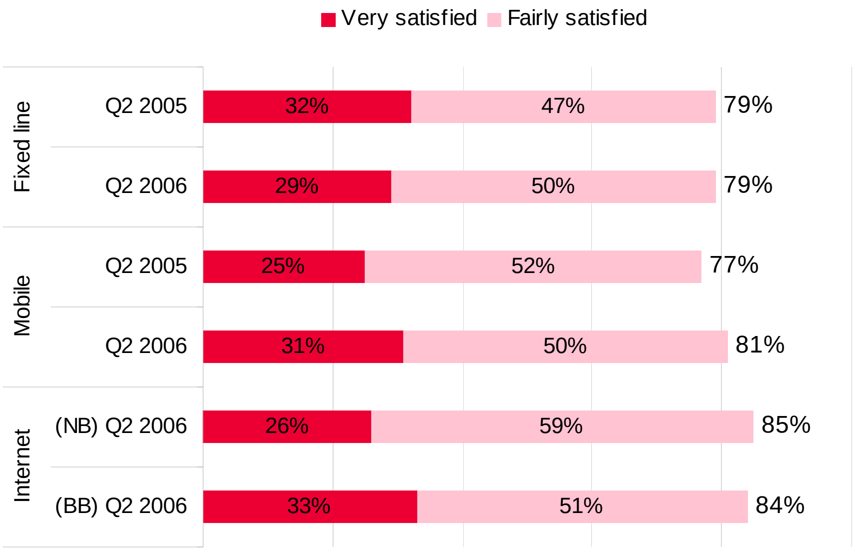
Source: Ofcom Communications Tracking Survey, conducted by Ipsos-MORI during Q2 2006. Base: 2074 UK adults with a fixed line

Figure 83 suggests that within in the communications market there are not significant differences in the levels of satisfaction between bundled and non-bundled consumers. However, as bundling in the communications market develops this may change as it has in the energy market.

3.4.5 Satisfaction with value for money

Consumers are commonly and consistently less satisfied with the value for money of their services than with overall service or reliability. Satisfaction with value for money is highest in the internet market.

Figure 84: Satisfaction with value of money over time

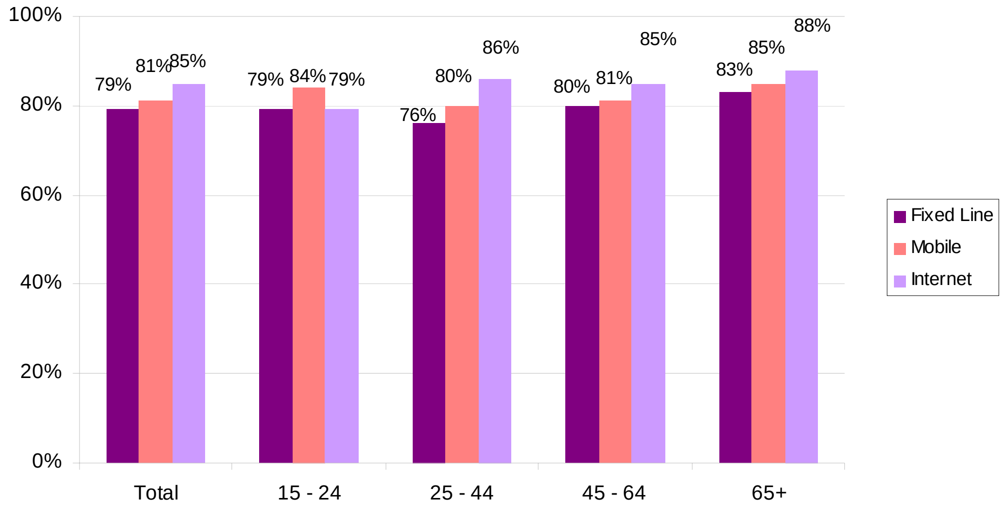


Source: Ofcom Communications Tracking Survey, conducted by Ipsos-MORI Q2 2005. Bases: 2206 Q2 2006 Bases: UK adults 2439. Don't knows have been excluded.

Figure 84 shows levels of satisfaction have remained stable in the fixed line and internet markets, while in the mobile market it has increased by four percentage points since 2005.

3.4.6 Satisfaction with value for money by demographic group

Figure 85: Satisfaction with value for money by age



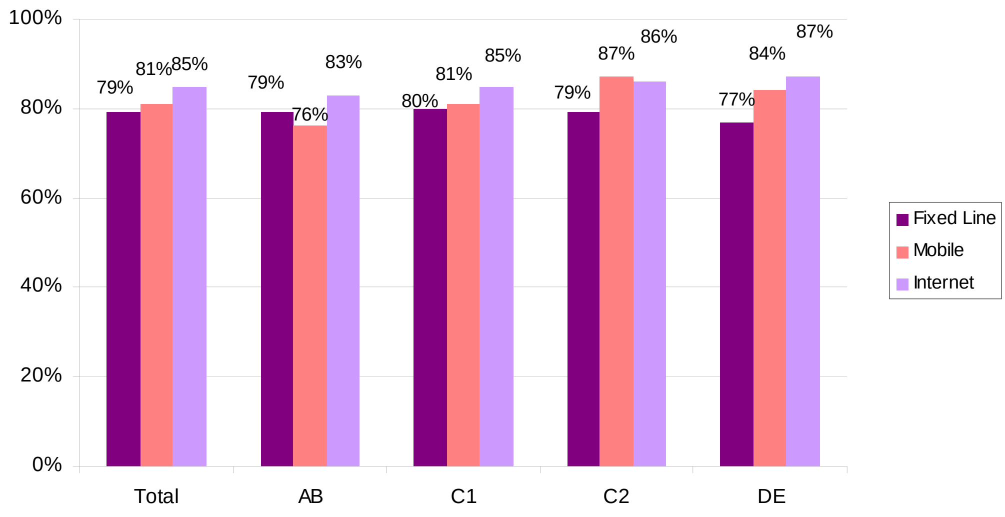
Source: Ofcom Communications Tracking survey, conducted by Ipsos-MORI Q2 2006. Base: UK adults 2439. Don't knows have been excluded.

There are several demographic differences between those who are satisfied with value for money and those who are less satisfied (Figure 85).

In the fixed line market three-quarters of 25-44 year olds (76%) are satisfied compared with 83% of older consumers (65+ years).

In the internet market younger consumers (79%) are relatively less likely to say they are satisfied compared with the average (85%).

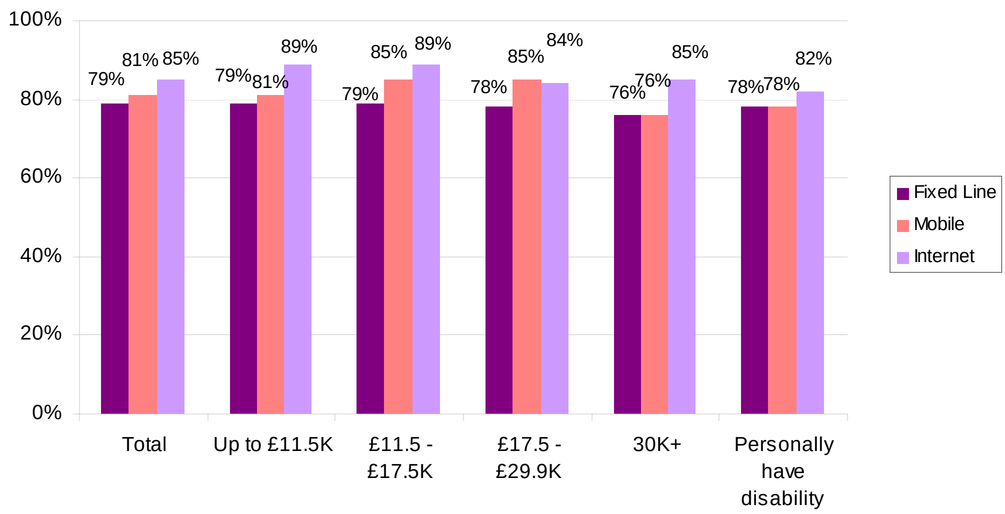
Figure 86: Satisfaction with value for money by socio-economic group



Source: Ofcom Communications Tracking Survey, conducted by Ipsos-MORI Q2 2006. Base: UK adults 2439. Don't knows have been excluded.

In the mobile market ABs are less likely to say they are satisfied (76%) than any other socio-economic group, particularly C2s (87%) (Figure 86).

Figure 87: Satisfaction with value for money by income and disability



Source: Ofcom Communications Tracking Survey, conducted by Ipsos- MORI Q2 2006. Base: UK adults 2439. Don't knows have been excluded.

Consistent with socio-economic groups, a lower percentage of those earning a higher income (£30k or more) are satisfied with value for money (76%) of mobile services compared with the average (81%) (Figure 87).

In the mobile and internet markets there are differences in satisfaction based on the payment package and service provider respectively. For example, consumers on a monthly contract mobile package are significantly more likely to be satisfied with their value for money and overall service than those on a pre-pay package.

Digital TV market research conducted by the Consumer Panel suggests that Freeview customers are significantly more likely to say their service is 'good value' than those using other platforms.

3.4.1 Satisfaction with reliability of service over time

Reliability of service is an important measure of satisfaction in the fixed line and internet markets. In the mobile market we assess satisfaction with access to network/reception, and this data is reported along with reliability in the other two telecoms markets.

Figure 88: Satisfaction with reliability of service of over time

Source: Ofcom Communications Tracking Survey, conducted by Ipsos- MORI Q2 2005. Base: 2206 Q2 2006. Base: 2439 UK adults. Don't knows have been excluded. *mobile data is for satisfaction with access to network/reception.

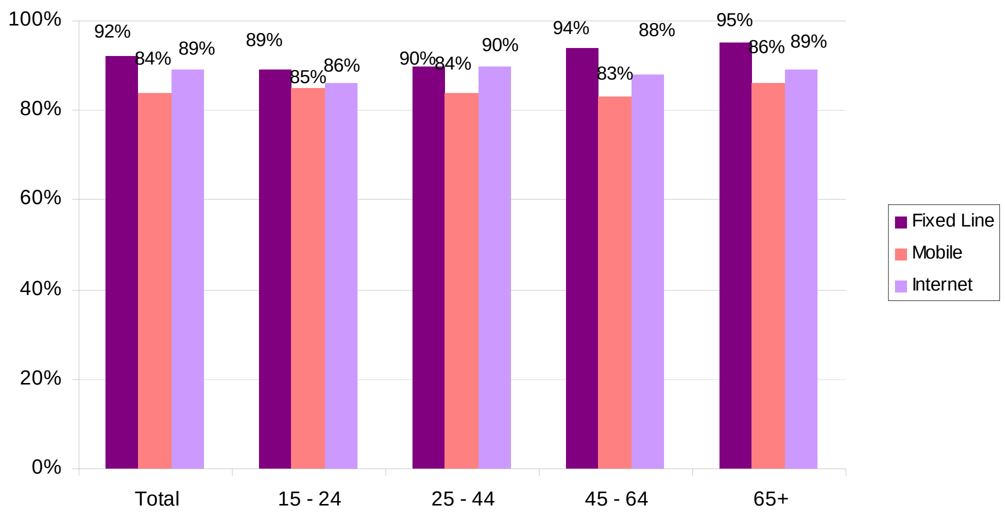
Figure 88 shows that in terms of a receiving a reliable service from their supplier, overall fixed line customers have the highest levels of satisfaction.

Over four-fifths of mobile consumers are satisfied with accessing the network/reception of their service (84%), an increase of four percentage points on 2005 (77%). This has been driven by the increase in the percentage of consumers saying they are very satisfied.

Satisfaction with reliability of service in the internet market is higher for broadband customers than narrowband customers. Similar to the mobile market, this is driven by the percentage of consumers saying they are very satisfied.

3.4.2 Satisfaction with reliability of service by demographic group

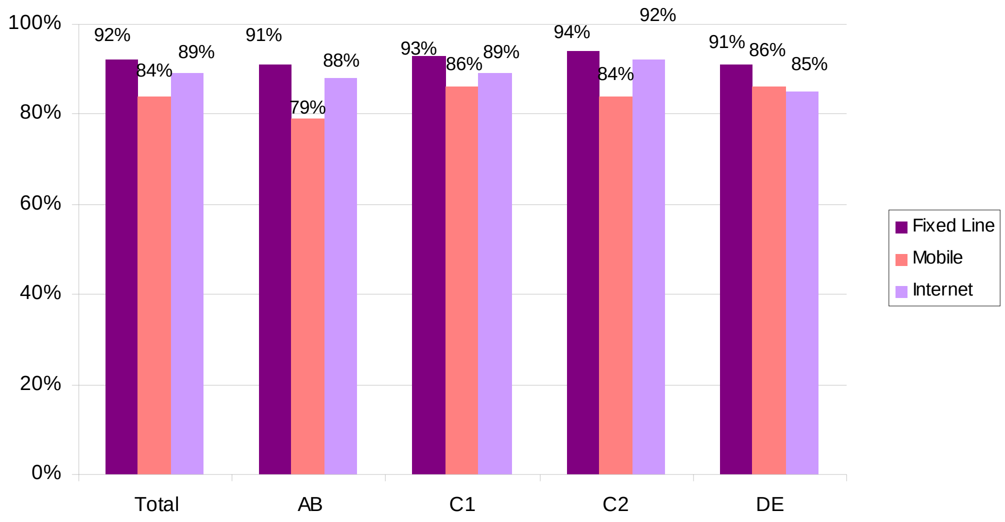
Figure 89: Satisfaction with reliability by age



Source: Ofcom Communications Tracking Survey, conducted by Ipsos- MORI Q2 2006. Base: 2439 UK adults. Don't knows have been excluded.

There are few demographic differences in satisfaction with reliability. In the fixed line market the only difference is that 89%-90% of 15-44 year olds state they are satisfied, compared with 94%-95% of 45+ year olds (Figure 89).

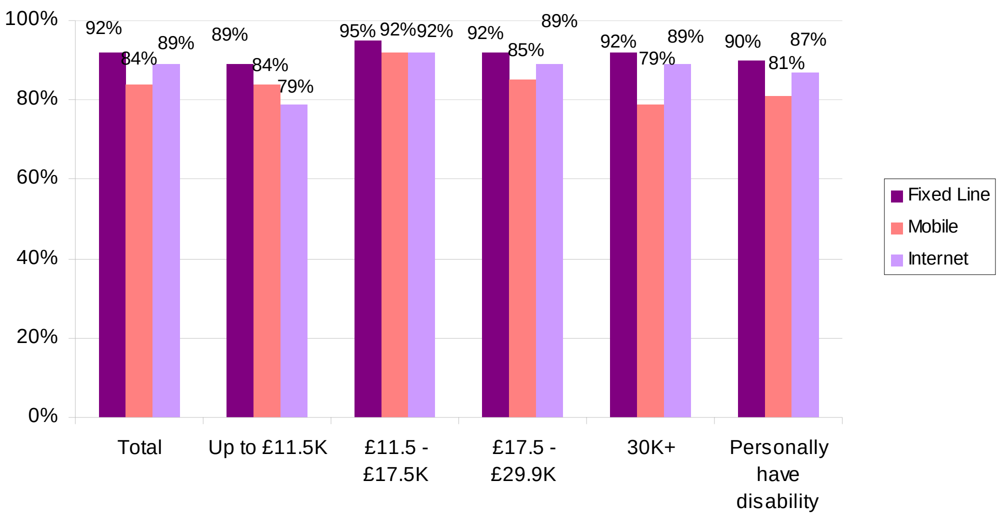
Figure 90: Satisfaction with reliability by socio-economic group



Source: Ofcom Communications Tracking Survey, conducted by Ipsos- MORI Q2 2006. Base: 2439 UK adults. Don't knows have been excluded.

In the mobile market 79% of ABs and those earning £30k or more are satisfied with access to network/reception, compared with the average of 84% (Figure 90).

Figure 91: Satisfaction with reliability by income and disability



Source: Ofcom Communications Tracking Survey, conducted by Ipsos- MORI Q2 2006. Base: 2439 UK adults. Don't knows have been excluded.

In the internet market those on a lower income (earning less than £11.5k) are less likely to say they are satisfied (79%) compared with the average (89%) (Figure 91).

Influence of satisfaction on switching

Satisfaction overall is a key influence on the propensity to switch in the internet market, but not in the fixed line or mobile market. In the fixed line market finding out about the latest technology is the biggest driver, while investing the time to investigate the best option is the biggest driver in the mobile phone market.

In the fixed line and internet markets, those who are satisfied with their supplier are less likely to switch than those who are not. The least likely to switch are those who are very satisfied, significantly less so than even those who are quite satisfied.

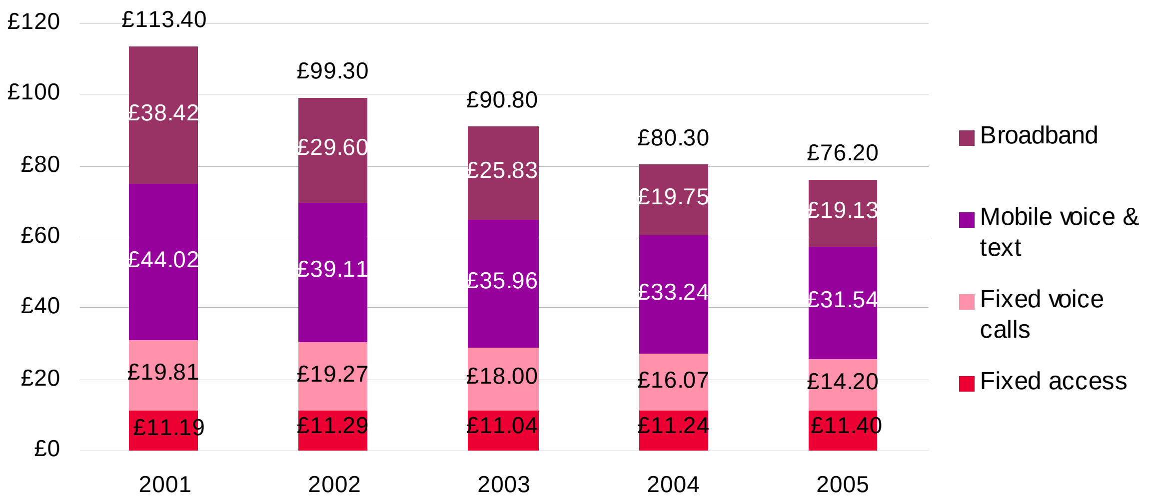
3.5 Consumer Choices and Range metric 5: cost of UK communications services

The cost of communications services have been calculated by taking the average price each year for a basket of services according to 2005 volume of use.

3.5.1 Change in cost of residential telecoms services

Figure 92: Real cost of a basket of residential telecoms services (including broadband)

£ per calendar month (2005 prices)



Source: Ofcom/operators. Note: Includes VAT; excludes NTS voice calls.

The average prices of residential telecoms services continued to decline in 2005. Ofcom analysis (reported in full in Ofcom's Communications Market Report[11]) shows that a household basket of residential telecoms services (comprising one fixed line connection plus calls at 2005 volumes/line, two mobile subscriptions plus calls at 2005 volumes/subscription, and one broadband connection), has fallen to around £76 pcm, from £113 pcm in 2001, see Figure 92.

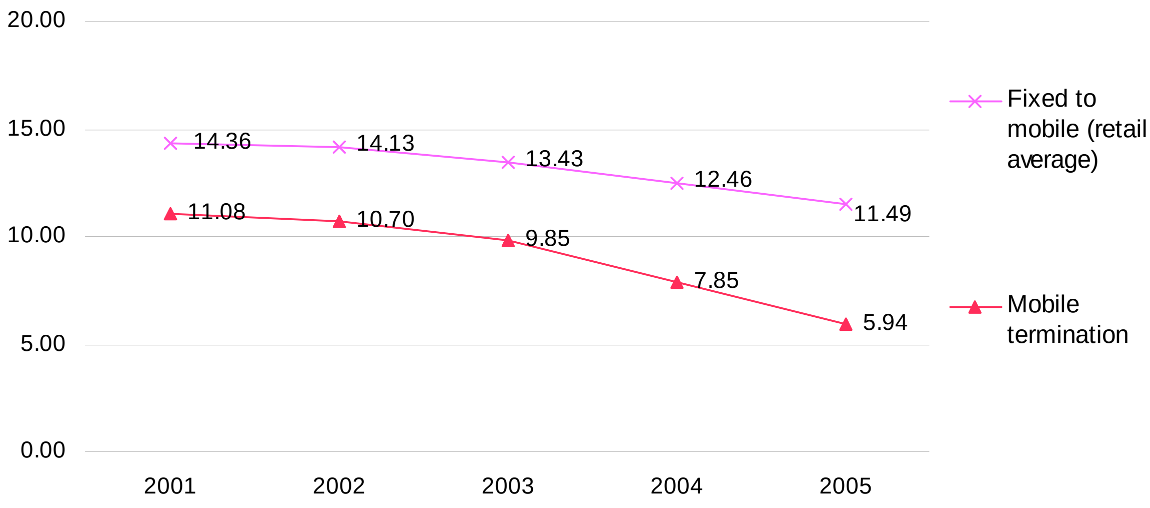
3.5.2 Change in cost of fixed line and mobile services

Data collected by Ofcom indicates that consumers have been benefiting from price reductions in the telecoms markets over a sustained period of time. Regulatory changes such as mobile call termination have helped to bring down average retail revenues by reducing the cost of fixed line calls to mobiles, and reducing the cost of calling mobiles on different networks (off-net mobile calls).

[11] Communications Market Report 2006

Figure 93: Average mobile termination revenue

Pence per minute (2005 prices)

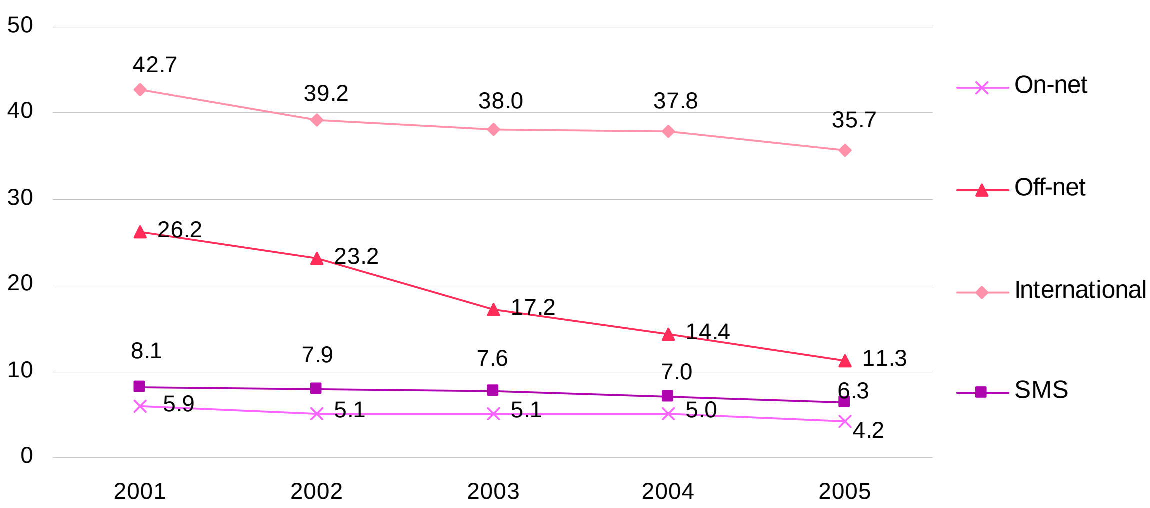


Source: Ofcom/operators.

During 2005, average termination revenue per call minute fell by 24%. These reductions appear to have been passed through to fixed line customers through lower fixed-to-mobile call prices, with evidence indicating that over the same period the average retail price for calling a mobile phone from a fixed phone fell from 12.5p in 2004 to 11.5p, see Figure 93.

Figure 94: Average mobile retail call and message revenue

Pence per minute/message (2005 prices)

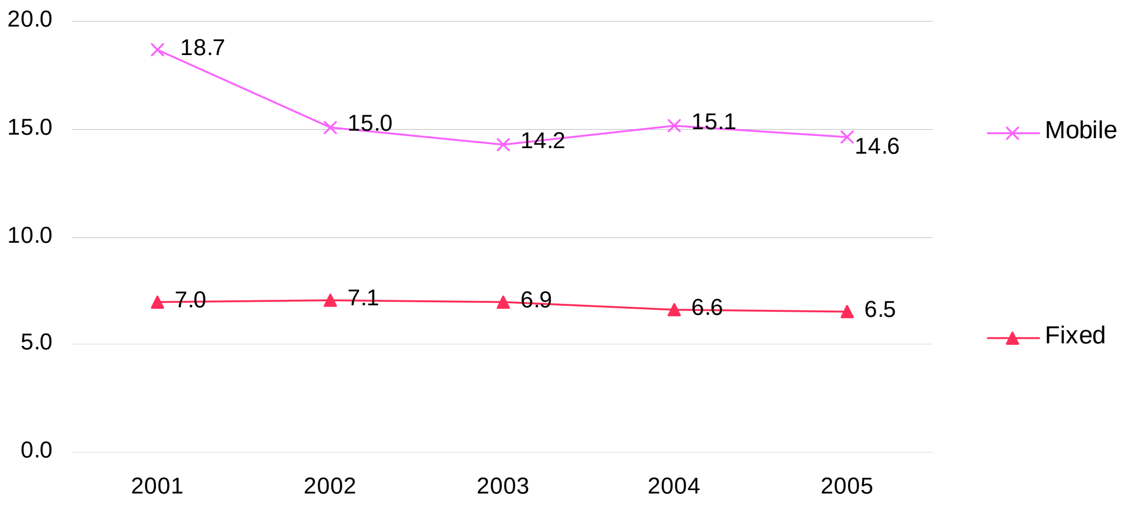


Source: Ofcom/operators. Note: UK calls includes rental charges.

The fall in the price per minute for off-net mobile calls (calls to mobiles on another network) – falling from 14.4p in 2004 to 11.3p in 2005, as shown in Figure 94, shows the impact of the reduction in mobile call termination charges.

Figure 95: Comparison of average fixed and mobile call charges

Pence per minute (2005 prices)



Source: Ofcom/operators. Note: UK calls includes rental charges.

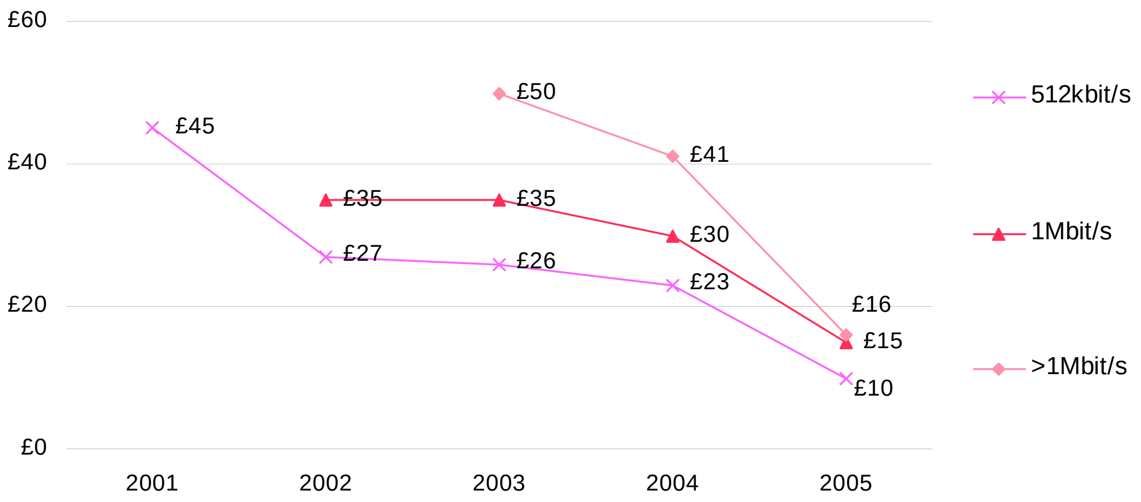
The price differential between average fixed and mobile per-minute charges decreased slightly during 2005. Taking rental charges into account, in 2005 an average mobile call cost 14.6p and an average fixed line call cost 6.5p. Figure 95 illustrates how these call costs have changed since 2001. It should however be noted that this analysis is only indicative; owing to the variety of both fixed and mobile packages that are available on the market, individual consumers may be benefiting from different service package combinations depending on their usage patterns.

3.5.3 Price changes for internet services

Broadband prices also continued to decline throughout 2005 as speeds simultaneously increased. In December 2004 Ofcom introduced measures aimed at reducing the cost to alternative operators of unbundling the local loop. These measures substantially reduced the cost of broadband access to wholesale providers. By early 2006 it appeared that the benefits of these cost reductions had been passed on to the consumer.

Figure 96: Comparison of average broadband prices over time

£ per month (2005 prices)



Source: Ofcom/operators.

Ofcom data suggests that the average monthly cost of 1Mbit/s broadband access halved between 2004 and 2005 from £30 to £15 (Figure 96). Recent developments, including the introduction of ‘free broadband’ bundled with other offers, would seem to indicate that prices may continue to fall. However, the potential impact to consumers of maximising price reductions are longer contracts and increased complexity of comparing deals with other suppliers due to price bundling with other services (fixed line and television).

The impact of contracts and bundling of multiple services with a single supplier, on consumers’ propensity to switch telecoms supplier is discussed in more detail in the Consumer Empowerment section.

Section 4

Consumer Empowerment

Introduction

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

This section of the report explores how and why consumers are making decisions about whether or not to switch supplier and the impact of 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 comparable information to help them make informed choices.

Consumer Empowerment metrics

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

The table below lists the Consumer Empowerment metrics. The numbers in the table are at an overall UK level based on the % of all adults/households. Each of these metrics is then discussed in the text indicating how they vary by demographic group.

4.1 Consumer Empowerment metric 1: participation in the communications market

This Consumer Empowerment metric measures participation in the communications markets by taking into account a wide range of possible consumer participation which includes past, present and future intended behaviour.

Measuring participation in the communications markets

Research conducted for the Telecoms Review and Consumer Policy Review in March/April 2006 identified that significant proportions of consumers said they were 'uninvolved' in the telecoms markets. Ofcom subsequently conducted additional research to understand more fully why consumers were not 'involved' in terms of switching or considering switching supplier.

The research identified that while between 66%-72% of consumers in each of the fixed line, mobile and internet markets said they had not changed their supplier in the last four years, some consumers were 'participating' in other ways which would have a positive impact on competition in the telecoms markets.

The research suggested that consumer participation should be measured by taking into account the following behaviours:

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

Present behaviour – whether they keep informed with developments, 'keeping an eye out' for better deals on the market

Future intentions – likelihood to switch or consider switching supplier in the future, likelihood to change an existing contract or service

By taking each of these aspects of consumer behaviour into account, four 'participation' segments emerge.

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 or plan to make any changes to services in the future.

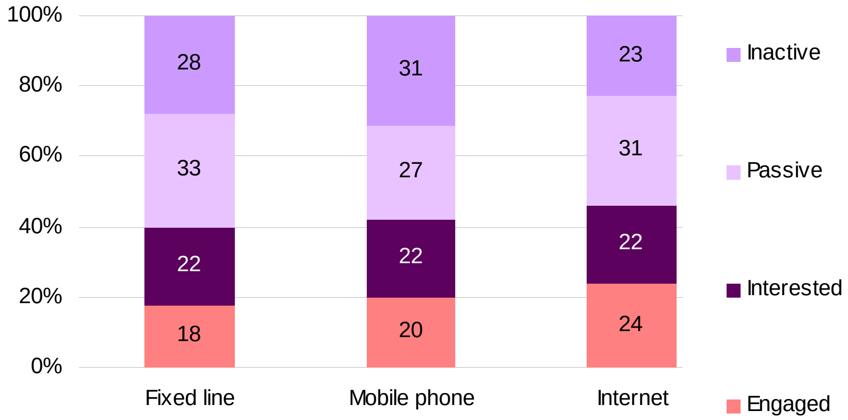
2. **Passive consumers** – more likely than inactive consumers to have participated in the past and indicated some current interest in the market, and/or were not averse to changing an aspect of their service in the future.

3. **Interested consumers** – while broadly similar to passive consumers in terms of their past behaviour and future intentions, they are more likely to keep an eye on the market, looking out for better deals. Their increased interest in the market means that most of this group are more likely than passive consumers to act on their future intentions.

4. **Engaged consumers** – the most active group in terms of past behaviour, interest in the market and future switching intentions.

4.1.1 Overall participation in the communications market

Figure 97: Participation in the communications market



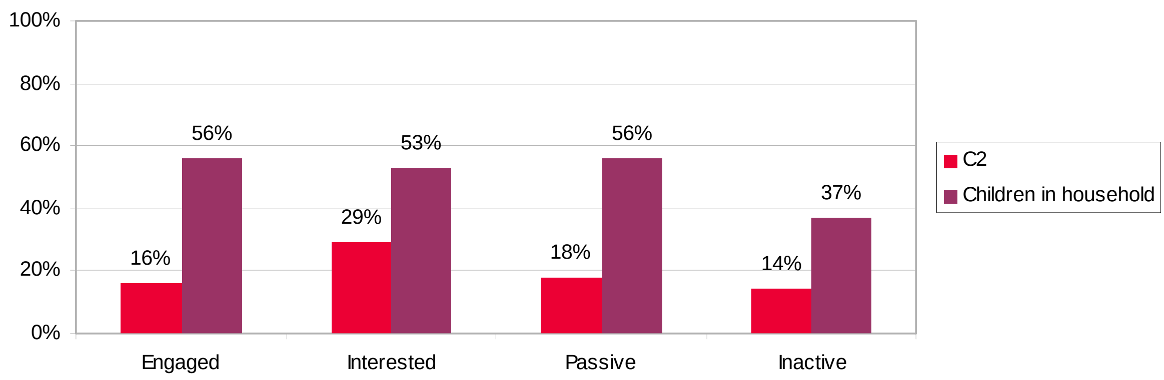
Source: Ofcom decision-making survey, conducted by Jigsaw, June 2006. Base: All consumers in each market (n=502).

The size of the 'participation segments' varies slightly across each of the consumer markets (illustrated in Figure 97 above). The fixed line market has the lowest level of engagement with 61% of consumers either inactive or passive. In comparison, the internet market has the highest level of engaged consumers (24%).

4.1.2 Demographic differences between participation segments

There are few demographic differences between segments in each market. Figure 98, Figure 99, Figure 100 and Figure 101 illustrate the major differences in each communications market. The lack of variation in demographic profile between the segments implies that attitudes and behaviours define the differences between the segments.

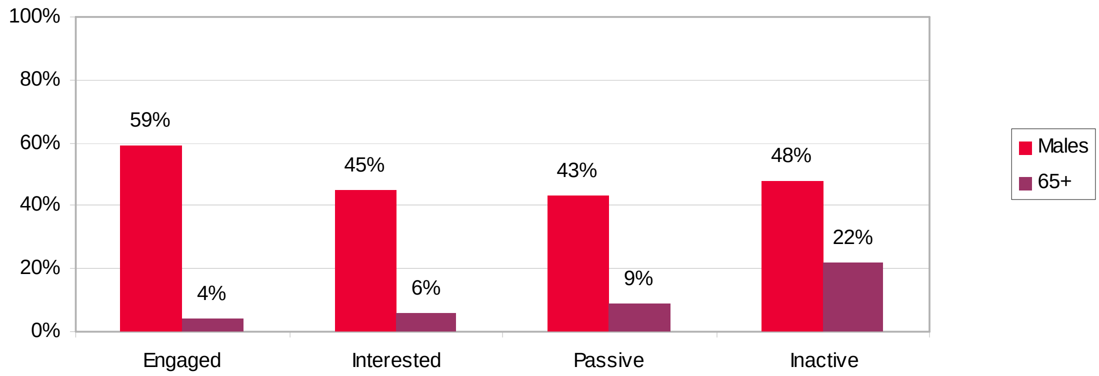
Figure 98: Demographic differences between participation segments in the fixed line market



Source: Ofcom decision-making survey, conducted by Jigsaw, June 2006. Base: All consumers in the fixed line market (n=500).

Figure 98 shows that 'Interested' consumers in the fixed line market are more likely to be C2s, while 'inactive' are least likely have children in the household.

Figure 99: Demographic differences between participation segments in the mobile market



Source: Ofcom decision-making survey, conducted by Jigsaw, June 2006. Base: All consumers in the fixed line market (n=500).

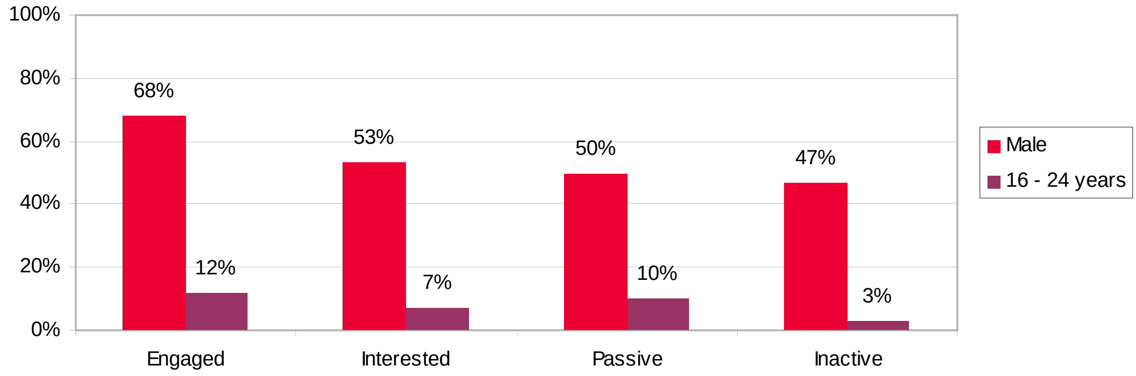
'Engaged' consumers in the mobile market are more likely to be males, while 'inactive' consumers are more likely to be older (65+ years) (Figure 99).

Figure 100: Expenditure differences between participation segments in the mobile market

Source: Ofcom decision-making survey, conducted by Jigsaw, June 2006. Base: All consumers in the mobile line market (n=500).

Monthly expenditure on mobile services increases with the level of participation in the market from £13.69 among 'inactive' consumers, to £32.15 among 'engaged' consumers (Figure 100).

Figure 101: Demographic differences between participation segments in the internet market



Source: Ofcom decision-making survey, conducted by Jigsaw, June 2006. Base: All consumers in the internet market (n=502).

Figure 101 shows 'Engaged' consumers in the internet market tend to be younger and male (i.e. early adopters).

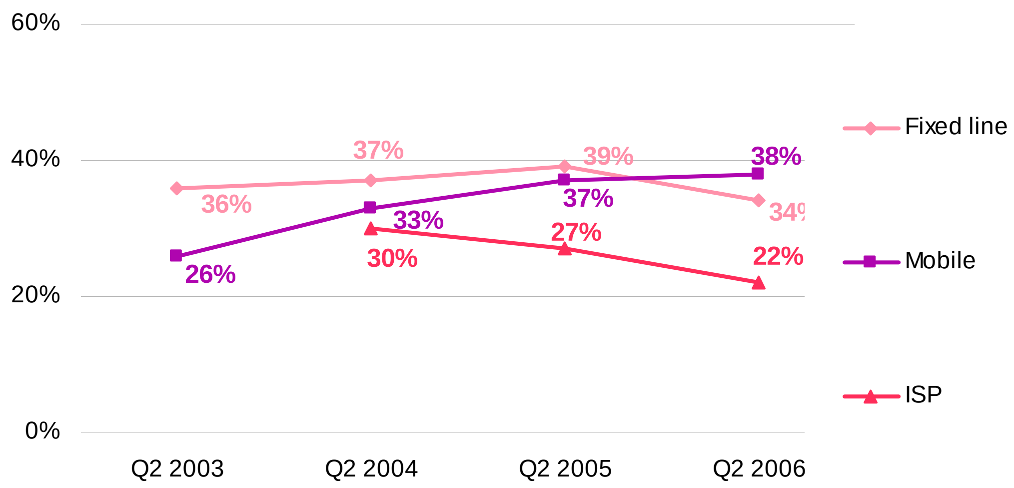
4.2 Consumer Empowerment metric 2: switching in the communications markets

Whether consumers have switched their supplier or considered doing so is one of the most important elements of market 'participation'.

4.2.1 Overall switching in the communications market

The chart below indicates the levels of switching across each of the telecoms markets.

Figure 102: Switching in the communications markets: proportion of consumers that have ever switched supplier



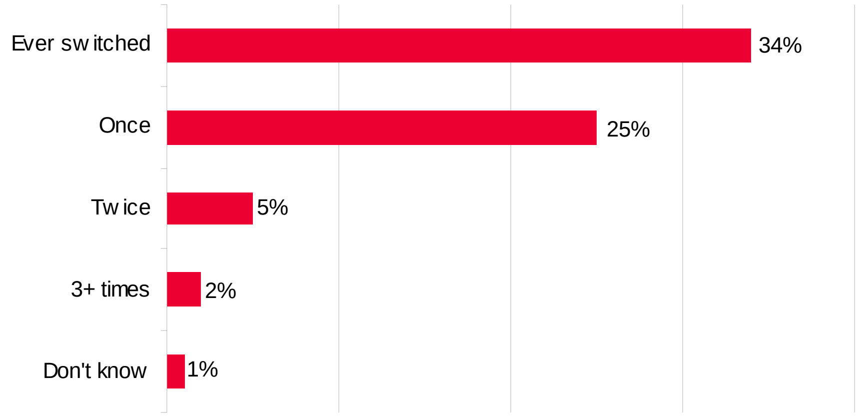
Source: Ofcom Communications Tracking Survey, conducted by Ipsos-MORI. Base: 2234 UK adults with a fixed line in Q2 2006, 1883 UK adults with mobile in Q2 2006, 1244 UK adults with internet in Q1 2006, 1784 UK adults with multi-channel TV Q2 2006.

Figure 102 shows a drop in the reported switching the fixed line market during 2006. However market data supplied to Ofcom indicates there has been increased use of wholesale line rental (WLR) services in the last 12 months implying higher levels of recent market switching. The recent switching to WLR has been largely among those consumers who have already switched their call supplier under carrier pre-selection (CPS). Therefore the absolute levels of switching reported are suppressed because consumers consider that they had already switched their supplier when they switched their calls, and do not report the switch when they move their line rental to their call supplier.

There has been a decrease in the level of switching in the internet market. It is important to note that the internet data was collected in the first three months of 2006, before recent decreases in prices such as 'free broadband' and bundled packages.

4.2.2 Consumers who have ever switched fixed line supplier

Figure 103: Switching in the communications markets: proportion of consumers that have ever switched fixed line supplier



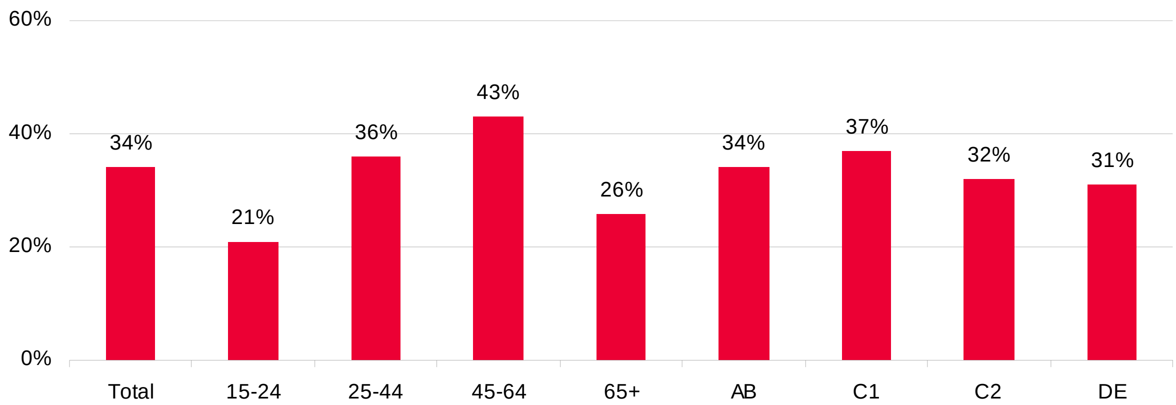
Source: Ofcom Communications Tracking Survey, conducted by Ipsos-MORI. Base: 2234 UK adults with a fixed line in Q2 2006.

Around one-third of consumers have ever switched their fixed line provider, with 7% claiming to have switched more than once, and 2% switching three or more times (**Error! Reference source not found.**).

4.2.3 Demographic profile of consumers who have ever switched fixed line supplier

There are significant demographic differences among those who have ever switched their fixed line supplier.

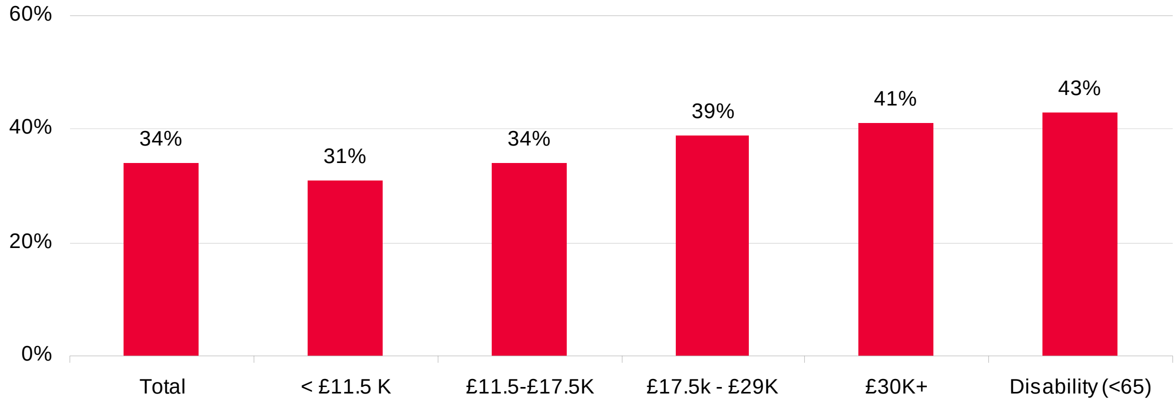
Figure 104: Consumers who have ever switched fixed line supplier by age and socio-economic group



Source: Ofcom Communications Tracking Survey, conducted by Ipsos-MORI. Base: 2234 UK adults with a fixed line in Q2 2006.

Consumers aged 45-64 years are the most likely to have switched (43%) compared with other age groups (Figure 104).

Figure 105: Consumers who have ever switched fixed line supplier by income and disability

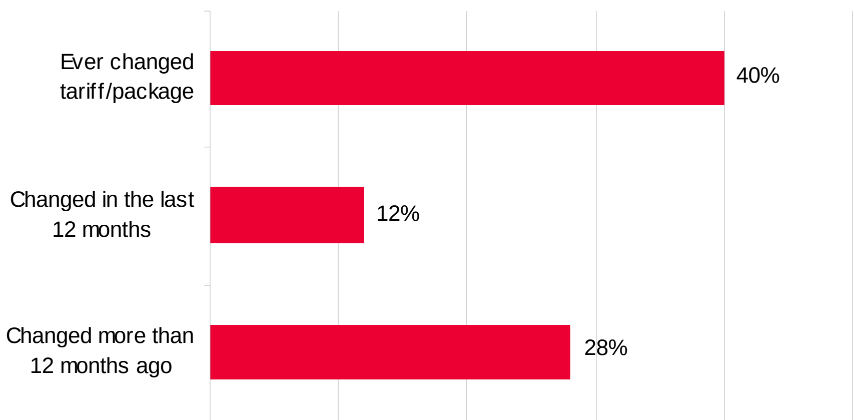


Source: Ofcom Communications Tracking Survey, conducted by Ipsos-MORI. Base: 2234 UK adults with a fixed line in Q2 2006.

Consumers on higher incomes (£30k+) are more likely to have switched (41%) compared with those earning less than £11.5k (31%) (Figure 105). Consumers who have a disability are more likely to have switched than average (43% vs 34%).

4.2.4 Consumers who have ever changed their tariff or package in the fixed line market

Figure 106: Ever changed tariff or package in the fixed line market



Source: Decision-making survey, conducted by Jigsaw. Base: 500 UK adults with a fixed line June 2006.

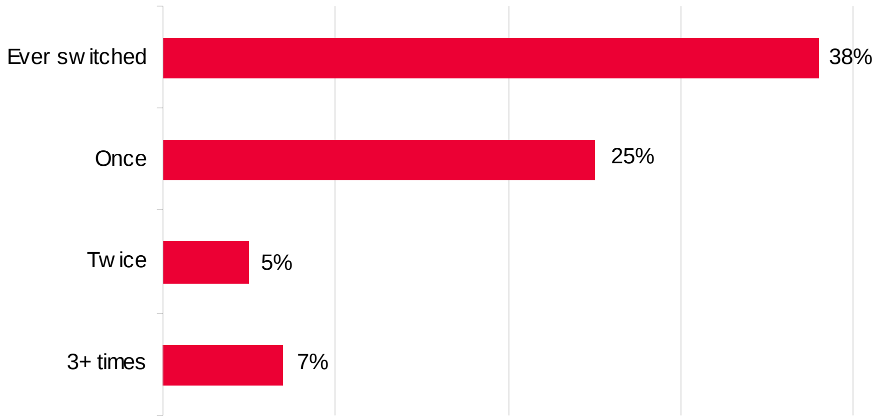
As illustrated in Figure 106, 40% of consumers have ever changed their fixed line tariff or package, with the majority of these changes made over 12 months ago.

Additional research shows relatively few have asked their main provider to match a deal – only 4% have asked their provider to do this.

4.2.5 Consumers who have ever switched mobile supplier

Over a third of consumers (38%) have ever switched mobile phone supplier, of which 15% have switched in the last 12 months.

Figure 107: Switching in the communications markets: proportion of consumers that have ever switched mobile supplier

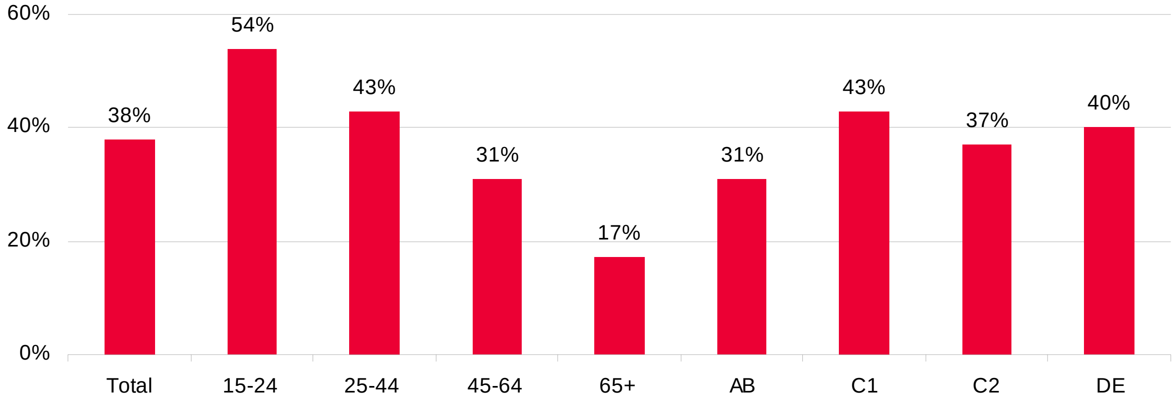


Source: Ofcom Communications Tracking survey, conducted by Ipsos-MORI. Base: 1883 UK adults with a mobile in Q2 2006.

Error! Reference source not found. shows 12% have switched more than once, and 7% have switched three or more times. Multiple switchers are more likely to be aged 15-24, and contract customers.

4.2.6 Demographic profile of consumers who have ever switched mobile supplier

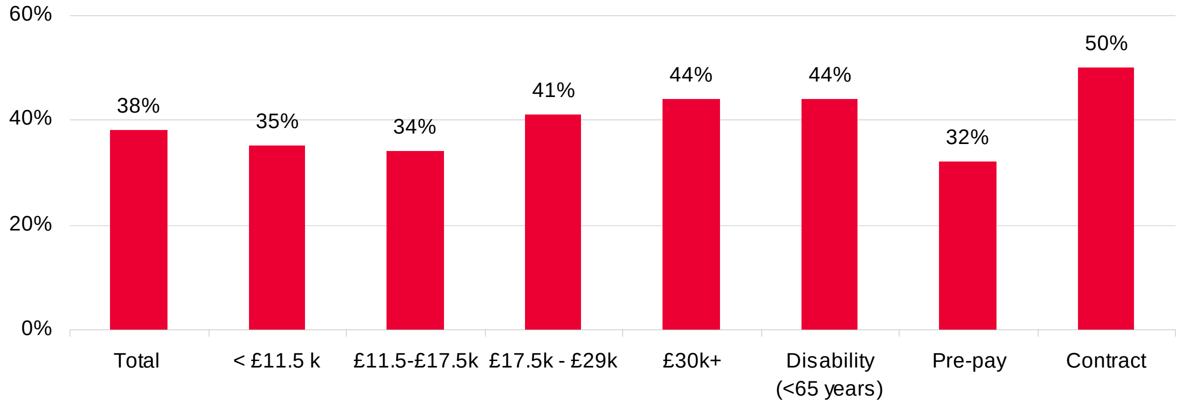
Figure 108: Consumers who have ever switched mobile supplier by age and socio-economic group



Source: Ofcom Communications Tracking survey, conducted by Ipsos-MORI. Base: 1883 UK adults with a mobile in Q2 2006.

The incidence of switching mobile providers decreases with age from 54% among 15-24 year olds through to 17% among 65+ year olds. This pattern is in the opposite direction to that in the fixed line market, where switching activity increases with age (up to 64 years) (Figure 108).

Figure 109: Consumers who have ever switched mobile supplier by income, disability and mobile payment type



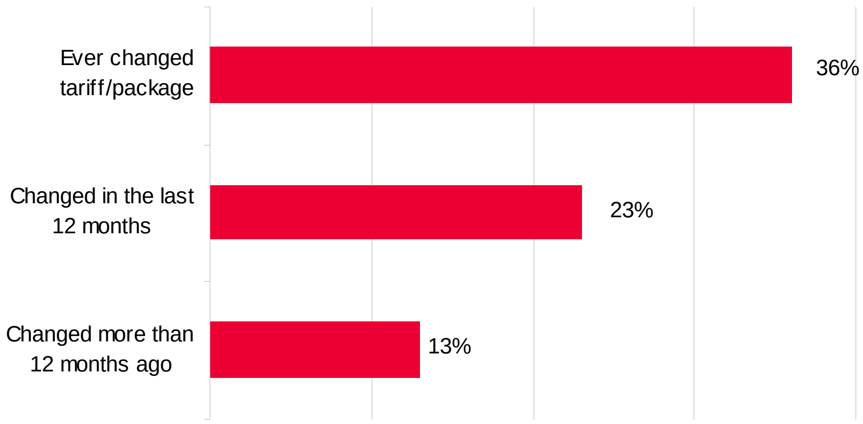
Source: Ofcom Communications Tracking Survey, conducted by Ipsos-MORI. Base: 1883 UK adults with a mobile in Q2 2006.

Figure 109 shows those on a contract are more likely to have ever switched (50%) than pre-pay customers (32%).

Switching in the mobile market increases with income. 44% of those earning £30k or more have ever switched compared with 35% of those earning less than £11.5k. Switching is higher among consumers who have a disability, with half reporting they have ever switched.

4.2.7 Consumers who have ever changed their tariff or package in the mobile market

Figure 110: Ever changed tariff or package in the mobile market



Source: Decision-making survey, conducted by Jigsaw. Base: 500 UK adults with a mobile phone in June 2006.

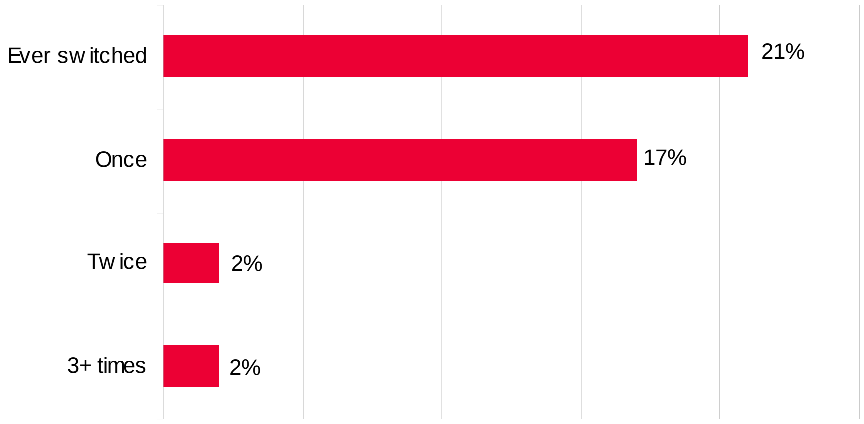
A similar percentage of mobile customers have changed their mobile tariff or package compared with fixed line customers (36% vs 40% respectively) (Figure 110). However, unlike fixed lines the majority of this activity has taken place in the last 12 months, suggesting a higher level of market churn.

Additional research findings show nearly one in ten (9%) customers have asked their provider to match a deal, with 5% reporting that their provider did match the deal. 1% per cent found their provider would not negotiate.

4.2.8 Consumers who have ever switched supplier in the internet market

The level of switching in the internet market is lower than in the fixed line and mobile markets.

Figure 111: Switching in the communications markets: proportion of consumers that have ever switched internet supplier

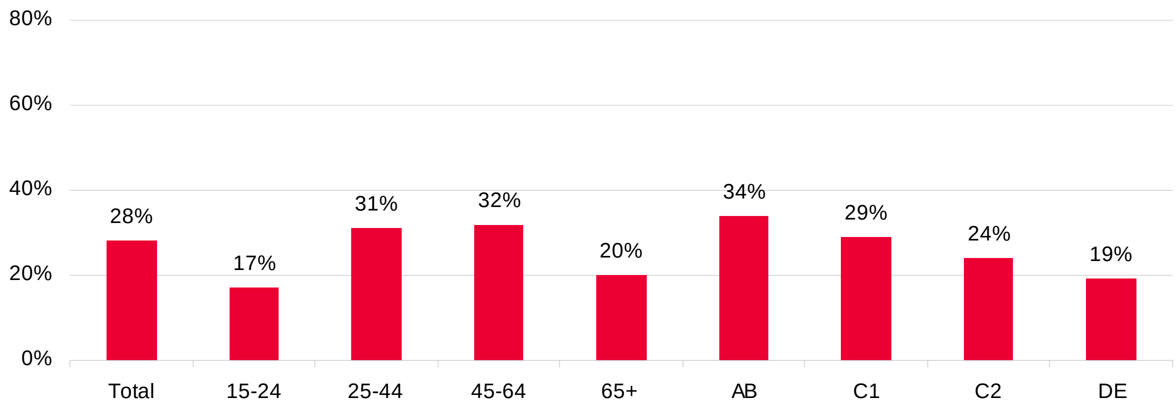


Source: Ofcom Communications Tracking Survey, conducted by Ipsos-MORI. Base: 1244 UK adults with the internet in Q1 2006.

Figure 111 shows one in five internet customers have ever switched supplier, with the majority having switched only once in the past.

4.2.9 Demographic profile of consumers who have ever switched supplier in the internet market

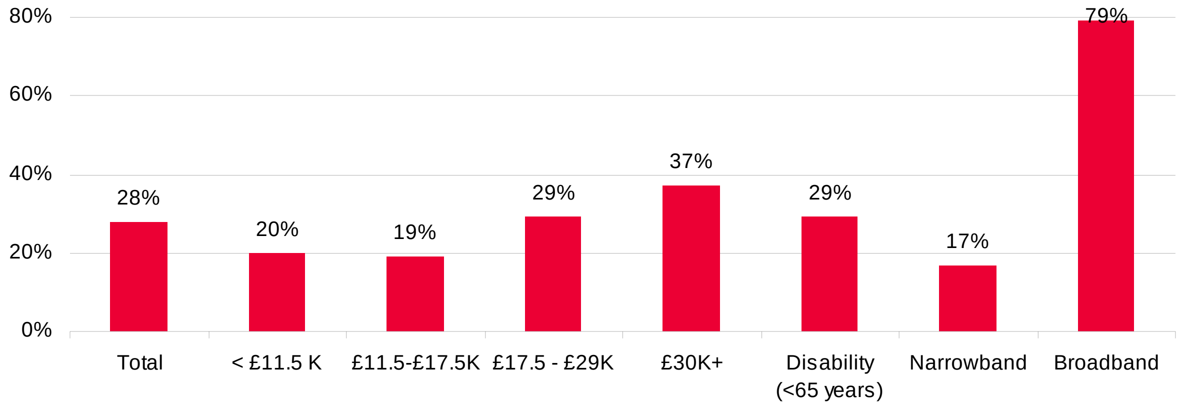
Figure 112: Consumers who have ever switched internet supplier by age and socio-economic group



Source: Ofcom Communications Tracking Survey, conducted by Ipsos-MORI. Base: 1374 UK adults with internet in Q2 2006.

Younger (15-24 years old) and older consumers (65+ years) are the least likely to have switched. Consumers earning £30k+ (37%), as well as ABC1s (34%) are the groups most likely to have switched (Figure 112).

Figure 113: Consumers who have ever switched internet supplier by income, disability and internet connection

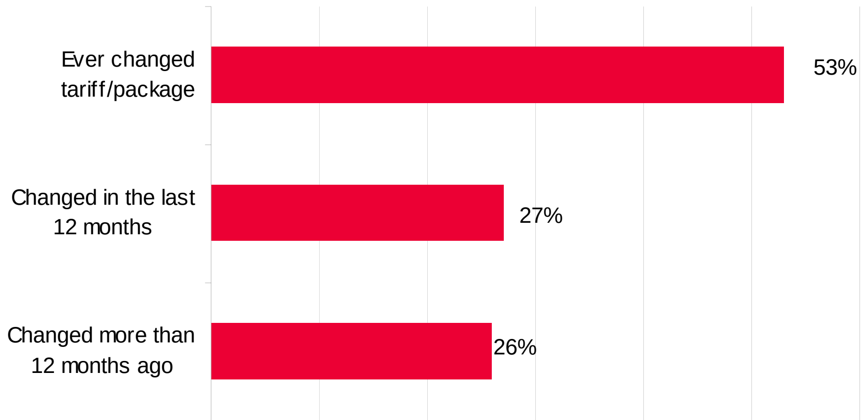


Source: Ofcom Communications Tracking survey, conducted by Ipsos-MORI. Base: 1374 UK adults with internet in Q2 2006.

Consumers who have broadband are significantly more likely to have switched suppliers (79%) than those who have narrowband (17%) and are higher income earners (£30K+) (Figure 113).

4.2.10 Consumers who have ever changed their tariff or package in the internet market

Figure 114: Ever changed tariff or package in the internet market



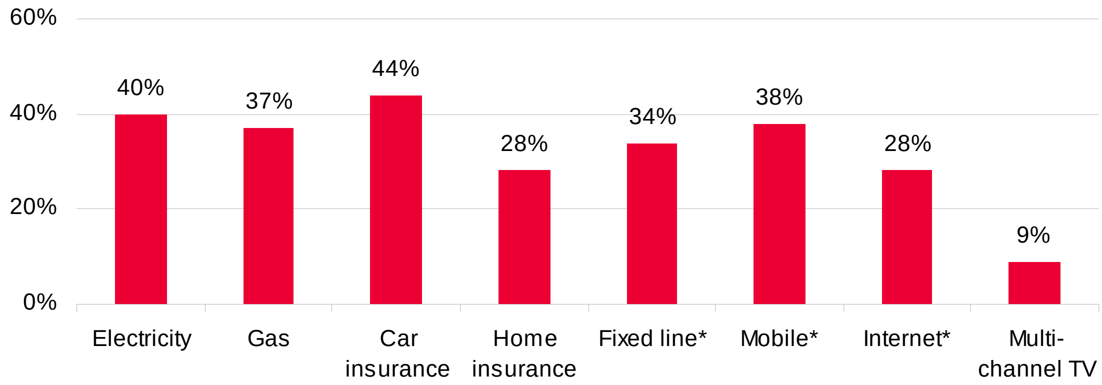
Source: Ofcom decision-making survey, conducted by Jigsaw. Base: 502 UK adults with internet in June 2006.

Figure 114 shows over half of internet customers (53%) have changed their tariff or package.

4.2.11 Comparisons with switching levels in other markets

Over a third of consumers have switched supplier in the electricity, gas and home insurance markets in the past two years.

Figure 115: Changed supplier in the last 2 years[12]



Source: Ofcom decision-making survey, conducted by Jigsaw. Base: 500 UK adults with fixed line and utility service (electricity: 496, gas: 497, car insurance: 434, home insurance: 479) in June 2006. *Source: Ofcom Communications Tracking Survey, conducted by Ipsos-MORI. Base: 2234 UK adults with a fixed line, 1883 UK adults with mobile, 1805 UK adults with multi-channel TV. Q1 2006 1242 UK adults with internet.

Switching appears to be highest in the car insurance market with 44% claiming to have switched in the last two years (Figure 115). This level of switching may be influenced by the fact that services are fixed term contract-related and the end of a contract term may act as a prompt for respondents to look for other deals. The internet is likely to have helped levels of switching, as comparison websites make it quick/easy to compare deals, although comparison sites are more developed in some markets than others.

Note: when comparing the switching data below the results are indicative only, since the data is not directly comparable due to different data sources[13] and question wording[14].

4.3 Consumer Empowerment metric 3: opinion of ease of switching in the communications market

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

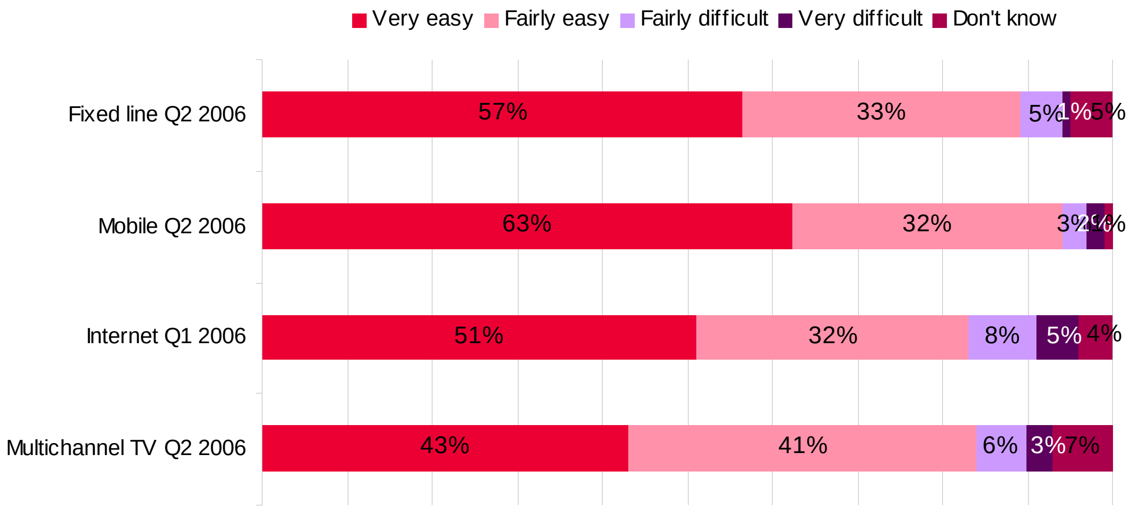
---

[12] Reference http://www.ofcom.org.uk/consult/condocs/telecoms_p2/tsrphase2/AnnexM.pdf

[13] Two different surveys were used. Switching data in the utilities markets was collected in an ad-hoc survey among consumers who have a fixed line at home. Switching data in the communications markets was collected in the Ofcom Residential Tracker survey among representative UK population.
[14] Utilities market: respondents were asked about whether they had switched in the last 2 years. Communications market: respondents were asked about whether they had ever switched

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

Figure 116: Consumer opinion about the ease of switching supplier among those who have ever switched

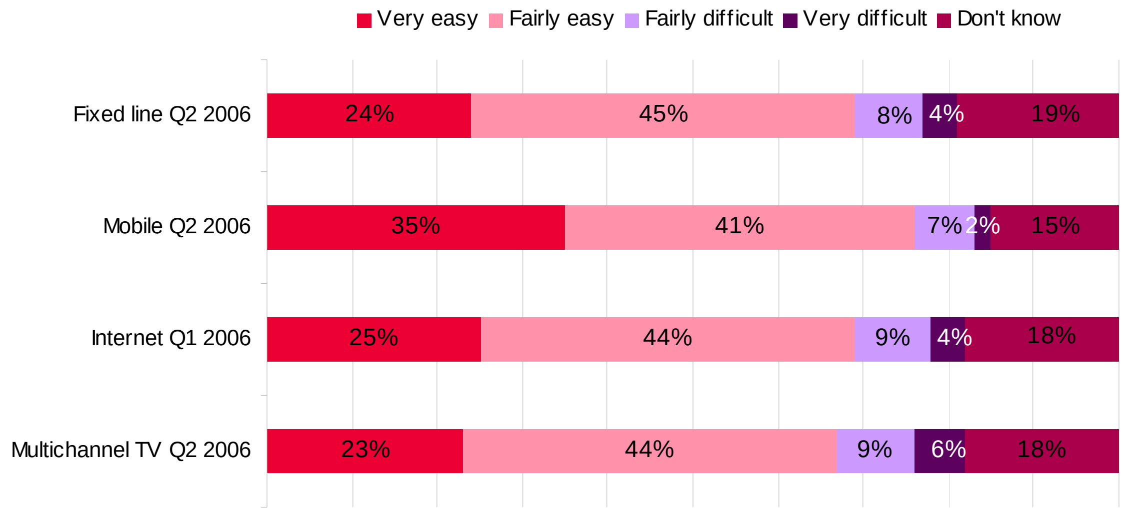


Source: Ofcom Communications Tracking Survey, conducted by Ipsos-MORI during Q2 2006 base: UK adults who have ever switched 2234 UK adults with a fixed line, 1883 UK adults with mobile, 1805 UK adults with multi-channel TV. Q1 2006 1242 UK adults with internet.

Figure 116 shows the majority (between 90% and 95%) of switchers in each of the communications markets said it had either been very or fairly easy to change their supplier. There has been little change in perceived ease of switching levels since last reported in early 2005.

4.3.2 Opinion of ease of switching in the communications market among those who have never switched

Figure 117: Consumer opinion toward the perceived ease of switching supplier among those who have never switched

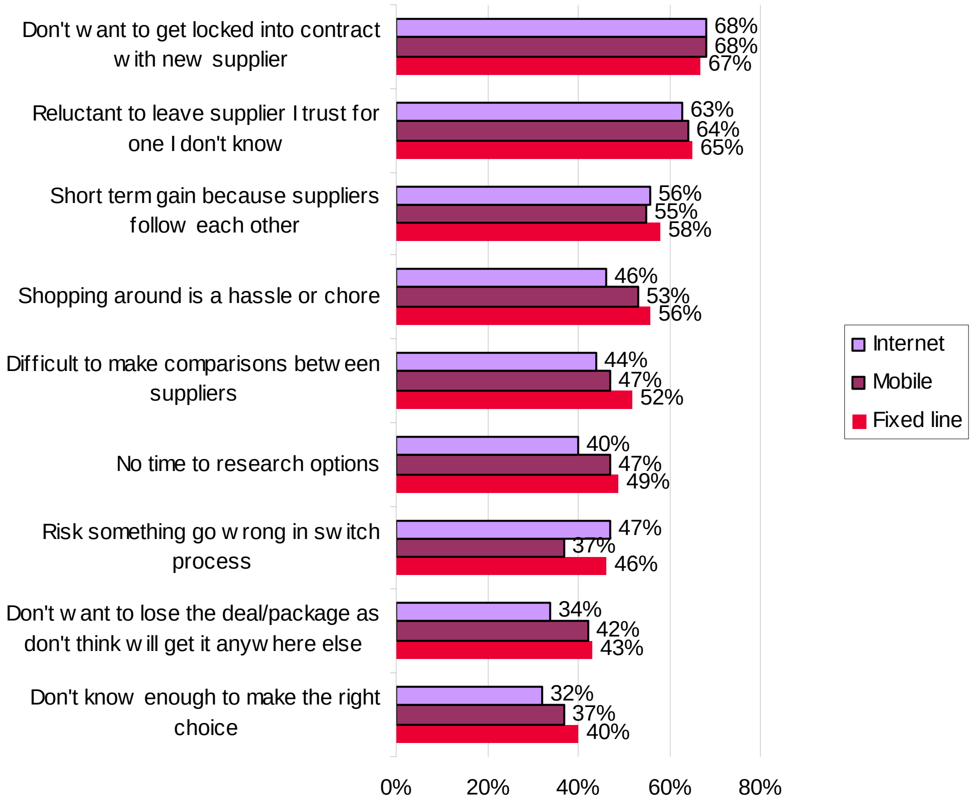


Source: Ofcom Communications Tracking Survey, conducted by Ipsos-MORI during Q2 2006 base: UK adults with who have never switched 2234 UK adults with a fixed line, 1883 UK adults with mobile, 1805 UK adults with multi-channel TV. Q1 2006 1242 UK adults with internet.

Although the majority of non-switchers perceive it will be easy to switch, this is significantly lower than the level of ease reported by switchers. Non-switchers are also more likely to say they do not know how difficult it might be to switch (Figure 117).

4.3.3 Barriers to switching suppliers

Figure 118: Barriers to switching supplier



Source: Ofcom decision-making survey, conducted by Jigsaw during June 2006. Base: 500 UK adults with a fixed line, 500 UK adults with mobile, 502 UK adults with internet.

Figure 118 shows the effect of lack of knowledge about ease of switching in the fixed line, mobile and internet markets. In these markets, fear of the unknown is one of the largest barriers to switching. In all three markets 'not wanting to get locked into a contract with a new ISP' and 'reluctance to leave a provider they trust for one they don't know' are the most mentioned barriers to switching.

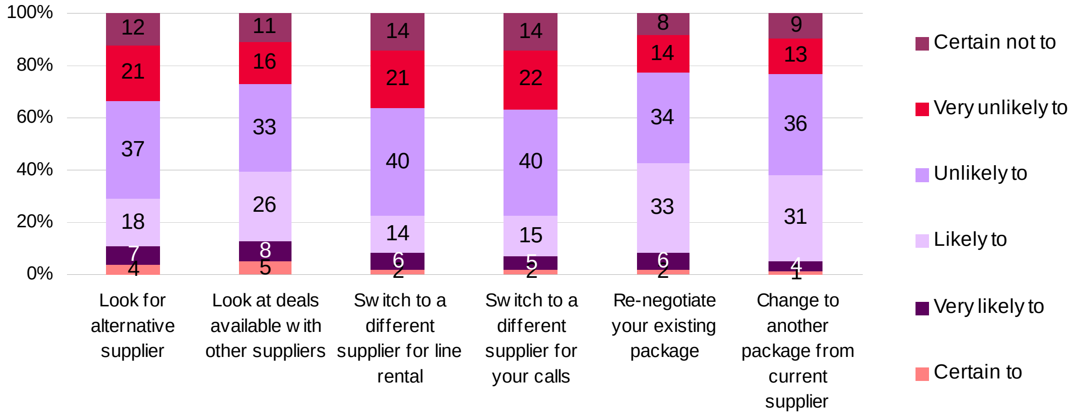
The hassle of switching is a barrier to shopping for a new provider specific to non-switchers, with between 46% and 56% of consumers who have not switched mentioning it being a hassle/chore.

4.3.4 Future switching intentions: Fixed line market

The second aspect of 'participation' in the communications markets is consumers' likelihood to switch suppliers or 'shop' for new deals in the future. The following analysis on claimed future switching intentions is largely based on those saying they are either 'certain to' or 'very likely' to act this way. Even so, not all of these consumers will follow through with their intentions[15].

[15] When using this data to create the consumer participation segments, responses to future intentions do not carry as much weight as past and present behaviour. [Full details of the index used to create the segments can be found in the methodology section of annex 3]

Figure 119: Claimed future switching intentions: Fixed line market

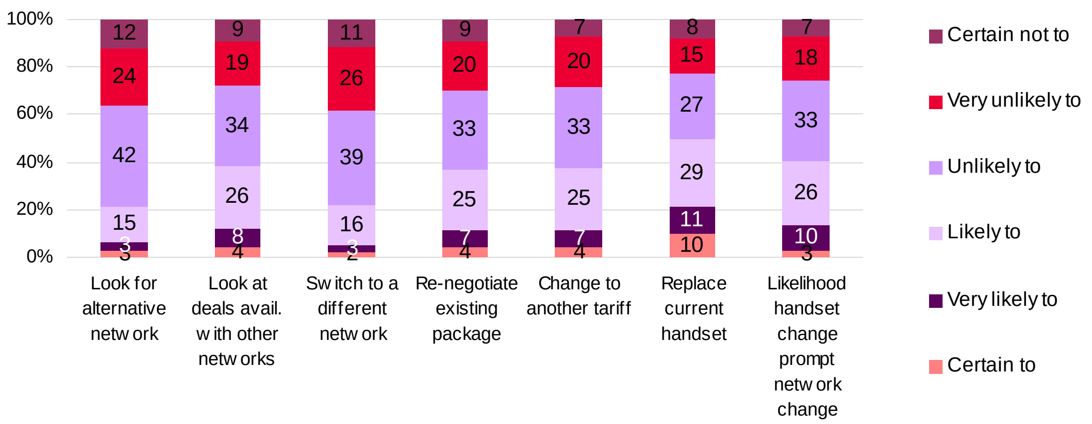


Source: Ofcom decision making survey, conducted by Jigsaw, June 2006. Base: All consumers in the fixed line market (n=500).

Although the majority of consumers are unlikely to be active in switching or amending their fixed line arrangements in the next 12 months, there are some areas of activity where a significant minority are likely to act (see Figure 119). The behaviour most likely to happen is 'looking at deals with other suppliers' and 'engaging with current suppliers'. 39% are likely to look at deals with other suppliers. 41% are likely to renegotiate their package and 36% are likely to change to another deal from their current supplier.

4.3.5 Future switching intentions: Mobile market

Figure 120: Claimed future switching intentions: Mobile market



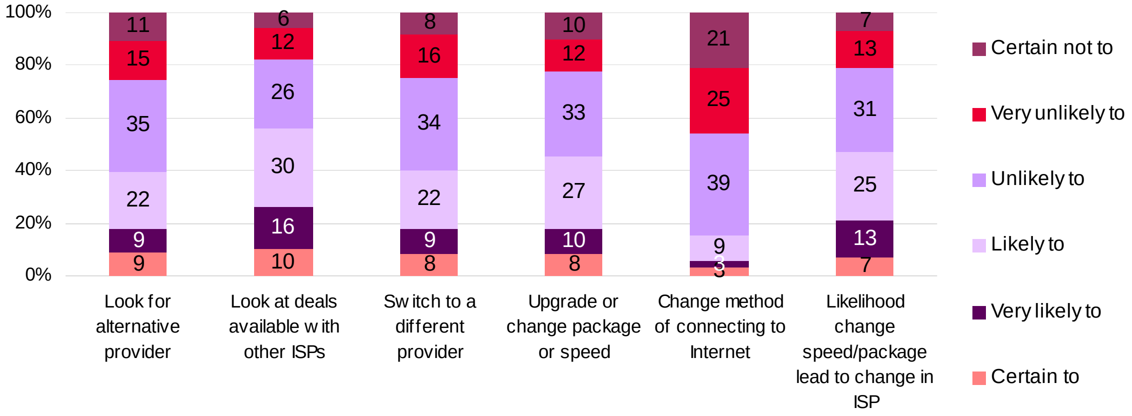
Source: Ofcom decision-making survey, conducted by Jigsaw, June 2006. Base: All consumers in the fixed line market (n=500).

In the mobile phone market the most likely change is consumers switching their handsets; with half saying they are likely to replace their current handset in the next 12 months. Two in five consumers (39%) say that a change in handset may also prompt a change in network provider (Figure 120).

For some consumers there is likelihood that in the next 12 months they will look at the best deals available (38%) and re-negotiate their existing package (38%) – this is similar to the fixed line market.

4.3.6 Future switching intentions: Internet market

Figure 121: Claimed future switching intentions: Internet market



Source: Ofcom decision-making survey, conducted by Jigsaw, June 2006. Base: All consumers in the internet market (n=500).

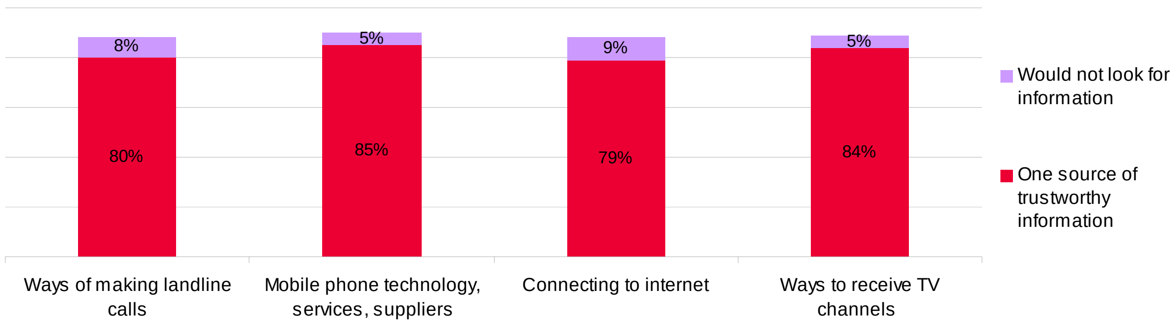
Figure 121 shows Consumers in the internet market are most likely to say they will be keeping an eye on deals available with other ISP's (56%), than in the mobile market (40%) or fixed line (39%). Changing method of connecting to the internet is the least likely activity.

4.4 Consumer Empowerment metric 4: awareness of trusted information sources

4.4.1 Awareness of trusted information

Between 79% and 85% of adults were able spontaneously to mention at least one place to go for trusted information in each of the four communications markets (Figure 122). While, at an overall level, UK adults were least likely to nominate sources of trustworthy advice on connecting to the internet (79%), this rises to 90% among those with home internet access.

Figure 122: Awareness of trusted information sources



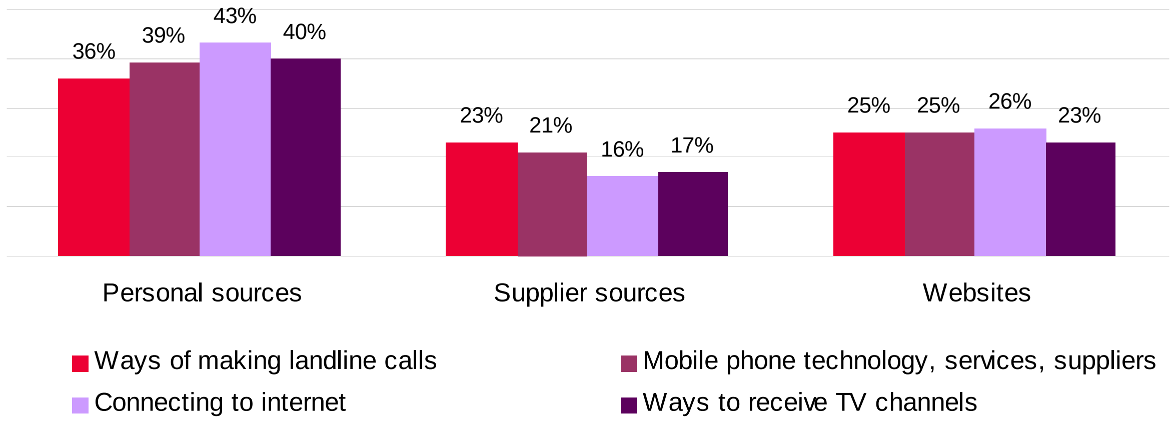
Source: Ofcom Communications Tracking Survey, conducted by Ipsos-MORI during Q1 2006. Base 1505 UK adults.

A small minority of consumers claim they would not look for information in the fixed line market (8%) or the internet market (9%). These figures are slightly lower for mobile (5%) and digital television (5%).

Additional analysis shows that older consumers are less likely than average to name any sources of trusted information, and higher proportions than the average claim they would not look for any information in the various communications markets. This applies, in particular, to the internet market. These findings align to findings in the Ofcoms Consumer Panel report[16] on older people, which notes that older consumers are the least likely to name any sources of trusted advice on the communications market in general.

4.4.1 Types of trusted sources of information

Figure 123: Unprompted sources of trusted information



Source: Ofcom Communications Tracking Survey, conducted by Ipsos-MORI during Q1 2006. Base: 1505 UK adults.

The most frequently mentioned trusted source of information for consumers is personal sources (friends, family and colleagues) and is mentioned by around two in five for each of the communications markets (Figure 123). Suppliers and websites (including supplier websites) are considered trustworthy sources of information by between a fifth and a quarter of consumers depending on the market. Suppliers are more likely to be seen as a source of trusted information for finding out about making fixed line calls and mobile technology, than they are for connecting to the internet or ways to receive TV channels.

Additional analysis shows that use of websites as a source of information was unsurprisingly higher among those with internet access at home (between 35% and 39% depending on the market) although between 5% and 7% of consumers without home internet said they would turn to websites for trusted advice on the communications markets.

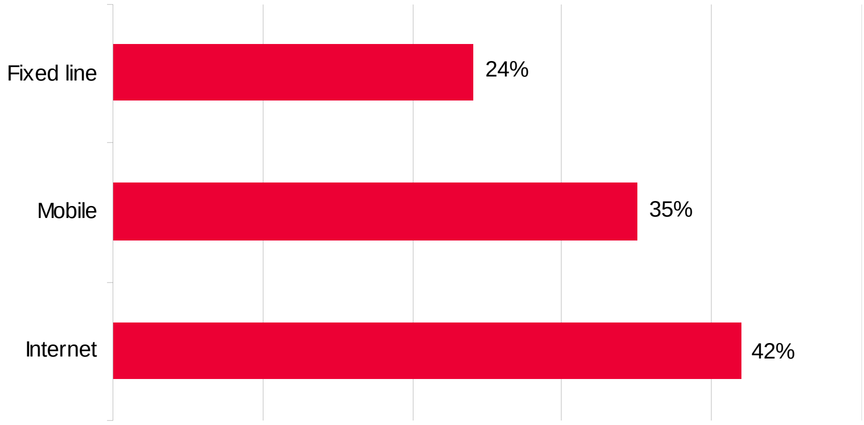
Findings are comparable with those collected by the Ofcom Consumer Panel at the end of 2005[17] where at an overall level a shift towards online advice was noted compared to the survey in 2004.

4.4.2 Types of trusted sources of information

Figure 124 shows consumers are more likely to have given advice to others about what choices to make when switching in the internet market than in the fixed line or mobile markets.

[16] Older People and Communications Technology July 2006 www.ofcomconsumerpanel.org.uk
[17] Consumers and the communications market: 2006 www.ofcomconsumerpanel.org.uk

Figure 124: Acted as an advisor on switching to others



Source: Ofcom decision-making survey, conducted by Jigsaw during June 2006. Base: 500 UK adults with a fixed line, 500 UK adults with mobile, 502 UK adults with internet.

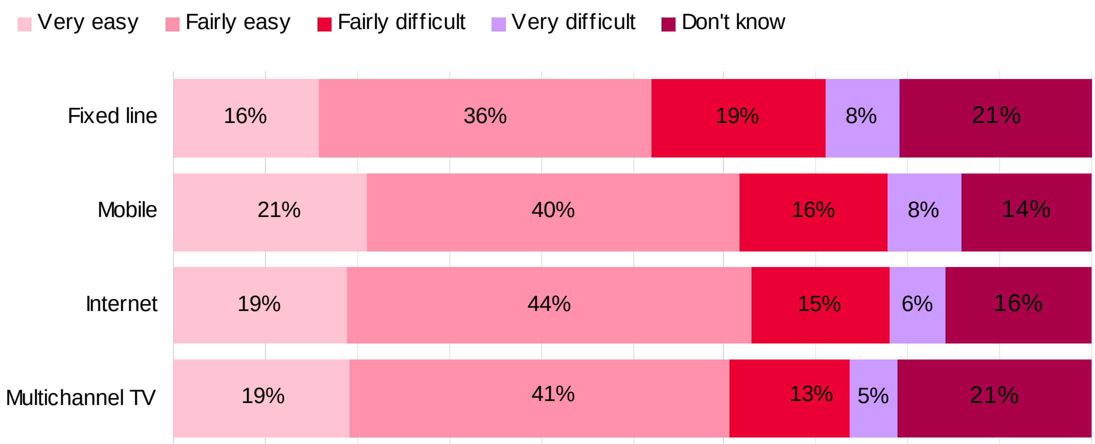
In the fixed line market those most likely to act as advisors to others are younger with 40% of 16-24 year olds and 30% of 25-44 year olds (compared with 18% of 45+) having undertaken this role.

Similarly, in the mobile market 16-24 year olds are most likely to have acted as advisors. In the internet market it is the 25-44 year olds who are most likely to have acted as advisors.

4.5 Consumer Empowerment metric 5: ease of making cost comparisons between suppliers

In order to assess the various suppliers in the market, consumers need to be able to compare the costs of services provided.

Figure 125: Consumer opinion on ease of making cost comparisons



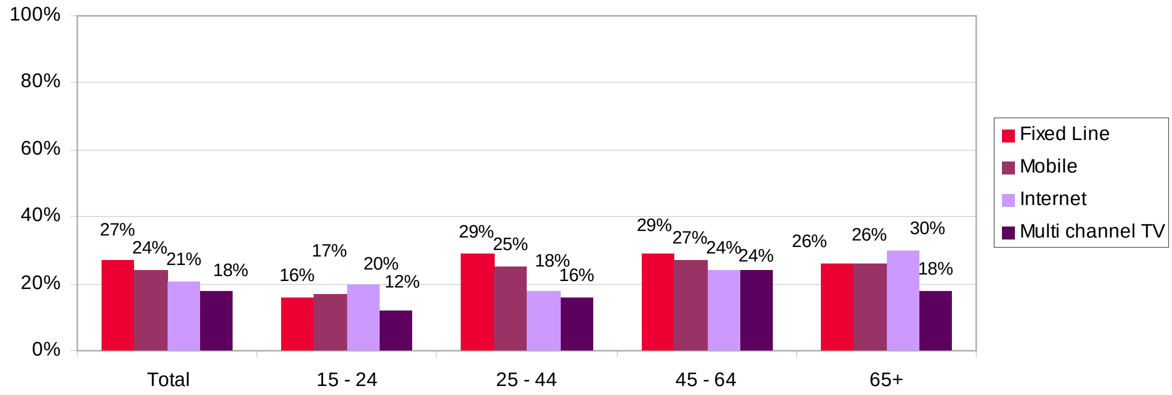
Source: Ofcom Communications Tracking Survey, conducted by MORI during Q2 2006. Base: 2234 UK adults with a fixed line, 1883 UK adults with mobile, 1479 UK adults with internet, 1784 UK adults with multi-channel TV.

Depending on the market, between 52% and 63% of consumers find it easy to make cost comparisons between suppliers (Figure 125). However, one in five do not know how easy or difficult it is to compare costs in the fixed line or multi channel TV markets. Between 14% and 16% 'don't know' in the mobile and internet markets.

For digital TV services, consumers are generally charged a flat fee for the package they use and additional charges are only incurred if they use additional services such as pay-per view/top-up channels or gaming/internet services. Therefore, estimating usage in order to make comparisons between suppliers/platforms is not too difficult. However, just over one fifth say they are unsure how easy or not it is to make cost and quality comparisons.

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

Figure 126: Age profile of those who find it difficult to make cost comparisons

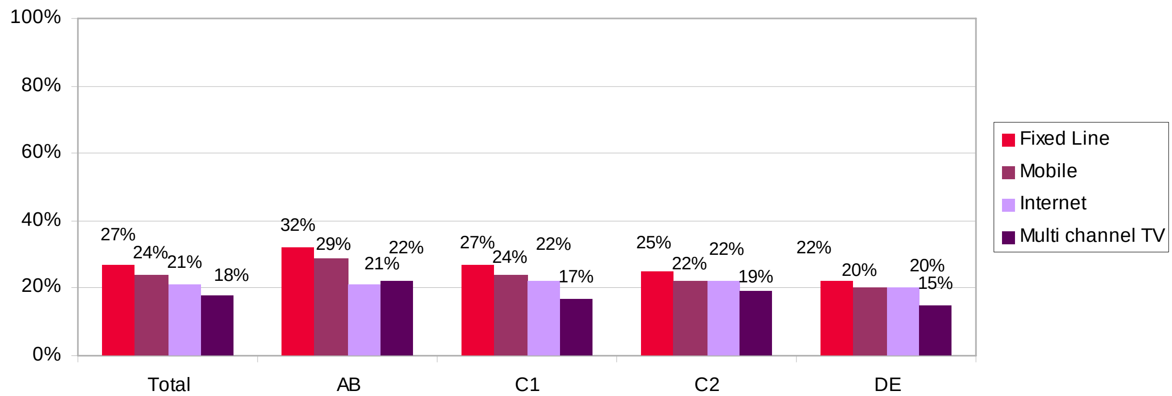


Source: Ofcom Communications Tracking Survey, conducted by MORI during Q2 2006. Base: 2234 UK adults with a fixed line, 1883 UK adults with mobile, 1479 UK adults with internet, 1784 UK adults with multi-channel TV.

In general, younger consumers (aged 15-24) are less likely to find making cost comparisons difficult in the fixed line and mobile markets. Along with 25-44 year olds they are also less likely to find making comparisons in the internet market difficult (Figure 126).

45-64 year olds are most likely to find making cost comparisons in the multi channel TV market difficult. Consumers aged 65+ are most likely to find making cost comparisons difficult in the internet market.

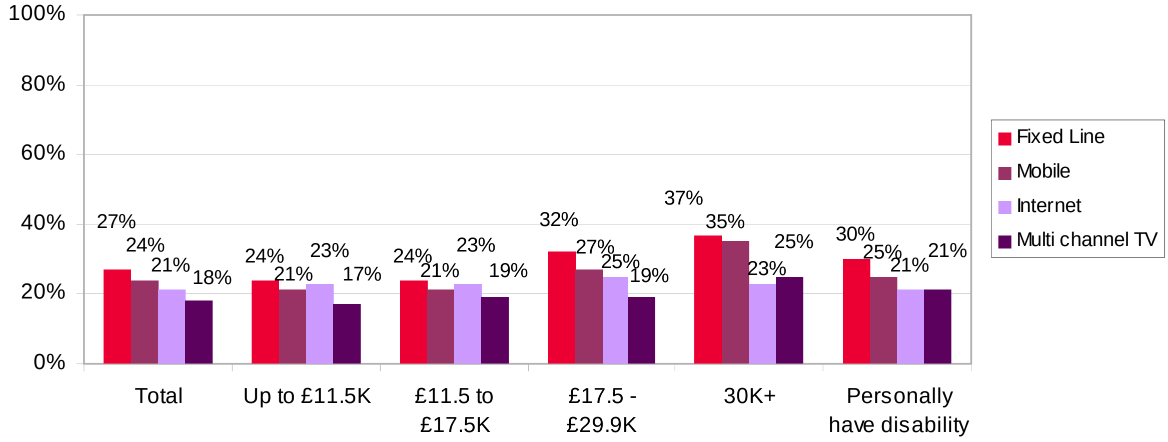
Figure 127: Socio-economic profile of those who find it difficult to make cost comparisons



Source: Ofcom Communications Tracking Survey, conducted by MORI during Q2 2006. Base: 2234 UK adults with a fixed line, 1883 UK adults with mobile, 1479 UK adults with internet, 1784 UK adults with multi-channel TV.

ABs are more likely than others to find it difficult to make cost comparisons in the fixed line, mobile and internet markets (Figure 127).

Figure 128: Income and disability profile of those who find it difficult to make cost comparisons



Source: Ofcom Communications Tracking Survey, conducted by MORI during Q2 2006. Base: 2234 UK adults with a fixed line, 1883 UK adults with mobile, 1479 UK adults with internet, 1784 UK adults with multi-channel TV.

In line with socio-economic differences, those on higher incomes (£30K+) are most likely to find it difficult making cost comparisons in the fixed line and mobile markets. Consumers with a disability are slightly more likely than average to find it difficult to make cost comparisons in the fixed line market (Figure 128).

Accuracy of consumers' estimates of service usage

While consumers do tend to find making price comparisons easier than quality-of-service comparisons, there are a significant minority who state it is difficult or don't know whether it is easy or not. In order for consumers to make accurate price comparisons with their current service it is important for consumers to know their own service usage.

On average consumers currently claim to spend £21.96 per month on their fixed line, £22.86 on mobile and £18.21 on internet services. In the digital TV market on average they say they spend, £44.15 per month.

In the fixed line market, research shows there is a lack of knowledge regarding specific call plan details, which is likely to affect the accuracy of any price comparisons with competitive suppliers. Although it differs by supplier, around a quarter of consumers could not recall what their call plan was. In comparison, in the mobile market most contract mobile phone users claim to receive free calls (94%) and texts (77%) as part of their package, though around one in ten are not exactly sure how many minutes or texts this involves. A quarter of mobile phone users were not sure whether their tariff includes other services such as MMS or data download allowances.

Considering the proportion of consumers who are unsure of the telecoms package they subscribe to, it is not surprising that there are wide variations in consumers' estimations of fixed line costs, with almost equal numbers over-estimating (30%), under-estimating (36%) and accurately estimating (35%) their monthly outlay.

As in the fixed line market, consumer estimations of their contract mobile phone usage costs vary considerably. Just under half of consumers are able to provide an estimate of their total mobile bill (45%). A third of mobile users under-estimated their bill (34%), with the remainder over-estimating their bill (21%).

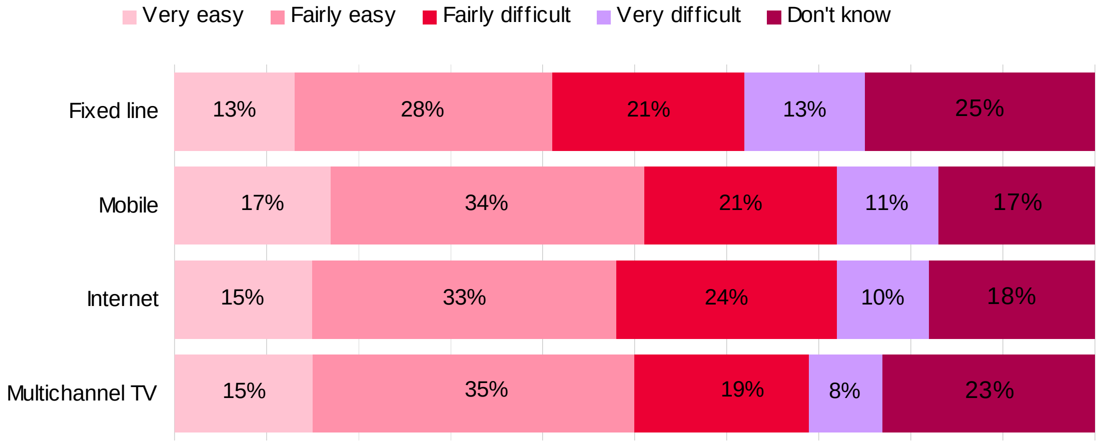
When using price comparison websites, consumers' lack of knowledge about their tariff details and the actual cost of their bills can prevent them from being able accurately to compare the cost of their current deal with other telecoms providers. Consumers' ability to make the right switching decisions is likely to be affected by this lack of knowledge.

Estimating usage for internet customers is perhaps less problematic, given that most consumers (75%) are using flat-rate subscription products – either broadband or un-metered narrowband services. Consumers in this market are therefore more likely to be able to recall their average monthly spend as this does not tend to vary. However, the issue in this market is less to do with comparing costs but more to do with what consumers are getting for their money in terms of speed and amount of download data.

4.6 Consumer Empowerment metric 6: ease of making quality of service comparisons between suppliers

Quality of service is an important aspect for consumers to consider when they are making supplier choices. Consumers tend to find it easier to compare costs than to compare quality of service.

Figure 129: Consumer opinion on ease of making quality of service comparisons



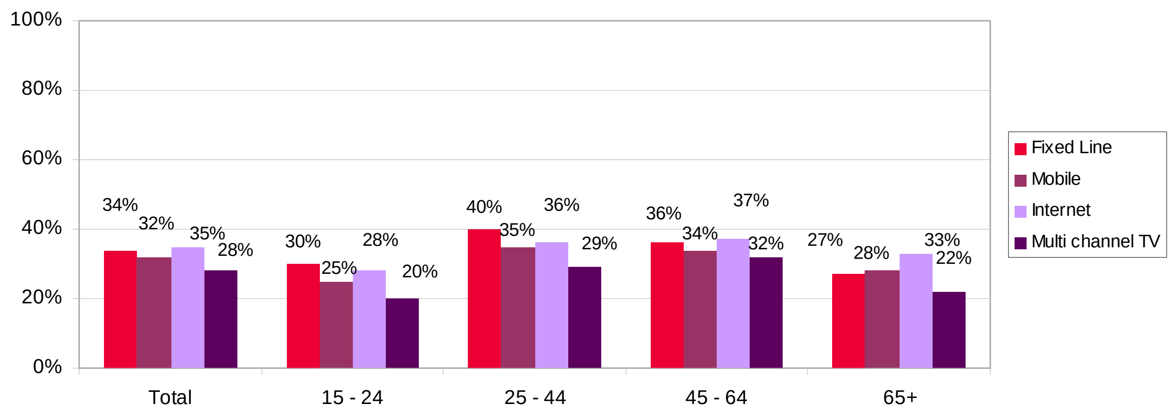
Source: Ofcom Communications Tracking Survey, conducted by MORI during Q2 2006. Base: 2234 UK adults with a fixed line, 1883 UK adults with mobile, 1479 UK adults with internet, 1784 UK adults with multi-channel TV.

Figure 129 shows that in general, about a third of consumers perceive it is difficult to make quality-of-service comparisons in the telecoms and internet markets. The lowest level of ease of comparison for quality-of-service is in the fixed line market where 41% of consumers claimed comparison is easy. Fewer consumers (27%) found it difficult to switch in the multi-channel market compared with other markets.

Between 17% - 25% don't know how easy or difficult it is to compare quality of service across all the markets.

4.6.1 Demographic profile of those who find it difficult to make quality of service comparisons

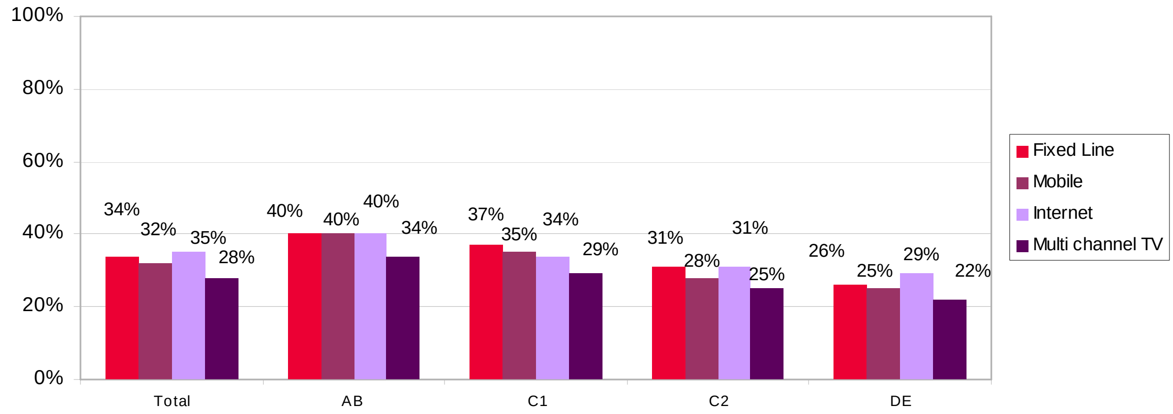
Figure 130: Age profile of those who find it difficult making quality of service comparisons



Source: Ofcom Communications Tracking Survey, conducted by Ipsos-MORI during Q2 2006. Base: 2234 UK adults with a fixed line, 1696 UK adults with mobile, 1267 UK adults with internet, 1619 UK adults with multi-channel TV.

In general 25-44 year olds followed by 45-64 year olds are more likely to believe it is difficult to compare quality of service compared with younger (15-24 years) and older (65+ years) consumers (Figure 130).

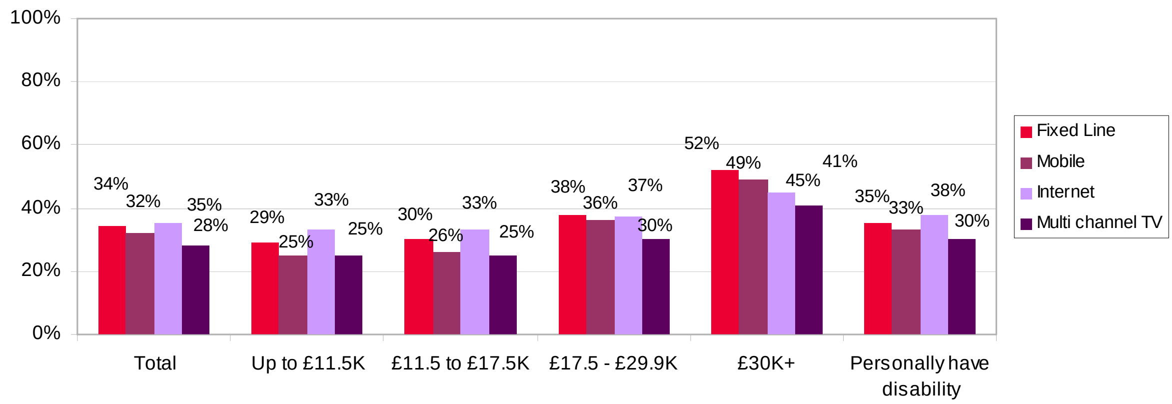
Figure 131: Socio-economic profile of those who find it difficult making quality of service comparisons



Source: Ofcom Communications Tracking Survey, conducted by Ipsos-MORI during Q2 2006. Base: 2234 UK adults with a fixed line, 1696 UK adults with mobile, 1267 UK adults with internet, 1619 UK adults with multi-channel TV.

Across each of the communications markets ABs followed by C1s are most likely to find it difficult to make quality of service comparisons (Figure 131).

Figure 132: Income and disability profile of those who find it difficult making quality of service comparisons



Source: Ofcom Communications Tracking Survey, conducted by Ipsos-MORI during Q2 2006. Base: 2234 UK adults with a fixed line, 1696 UK adults with mobile, 1267 UK adults with internet, 1619 UK adults with multi-channel TV.

Higher income earners (£30K+) are more likely than any other group to say they believe it is difficult making quality of service comparisons across all markets, particularly in the fixed line market, where over half believe it is difficult (52%) (Figure 132).

Overall the profile of those who find it difficult making quality of service comparisons is similar to the overall profile of those most likely to have ever switched. This suggests that the same consumers who believe it is difficult to switch have in fact experienced what is like. This suggests that in reality, making these comparisons is generally difficult.

Section 5

Consumer Protection and Concerns

Introduction

This section reports on the types of complaints that consumers are making to Ofcom alongside the types of concerns that they have regarding the communications industry. It also reports awareness of the various complaints procedures and makes comparisons across communications markets and with gas/electricity suppliers and banking.

The findings are analysed across demographic groups to assess whether any specific groups of consumers are less aware of complaints procedures.

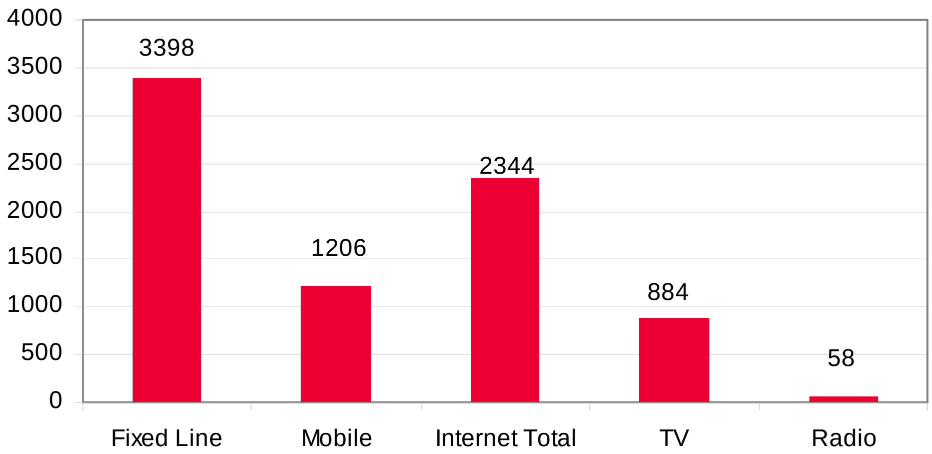
Consumer Protection and Concerns metrics

Summarised below are the Consumer Protection and Concerns metrics. The findings are at an overall UK level and based on the percentage of all adults/households. Each of these metrics is then reported in detail in the text with a discussion on how they vary by demographic group. Ofcom will be tracking these measures from now on, but does not currently have directly comparable trend data for all metrics.

5.1 Consumer Protection and Concerns metric 1: number of monthly complaints received by the Ofcom Contact Centre (OCC)

The Ofcom Contact Centre (OCC) is a point of contact for consumers enquiring or making complaints about issues in the telecoms and broadcasting markets. Although we appreciate Ofcom handles only a small share of the total number of complaints relating to communications services, this data does give insight into the type and extent of certain complaints.

Figure 133: Average number of complaints to the OCC October 2005 - September 2006



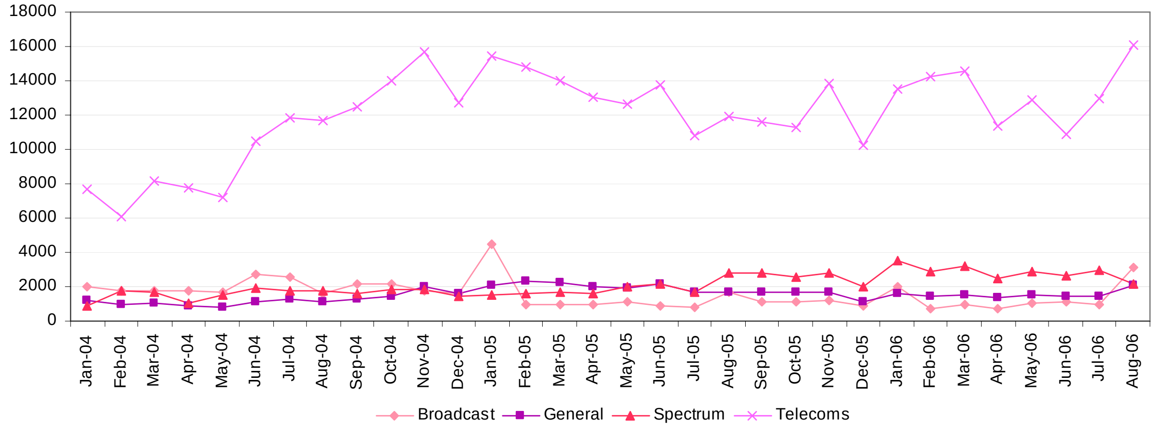
Source: Ofcom Contact Centre, September 2006.

The Ofcom Contact Centre (OCC) records the number and details of complaints it receives. Figure 133 shows that telecoms accounted for the higher number of complaints between October 2005 and September 2006. This was followed by complaints about the internet, with radio having the fewest complaints.

The number of complaints overall are shown below in Figure 134. These figures include all consumer complaints but exclude queries. Although the number and type of complaints varies monthly, the majority are made up of telecoms complaints.

5.1.1 Number of complaints received by the OCC

Figure 134: Number of complaints received by the OCC 2004-2006



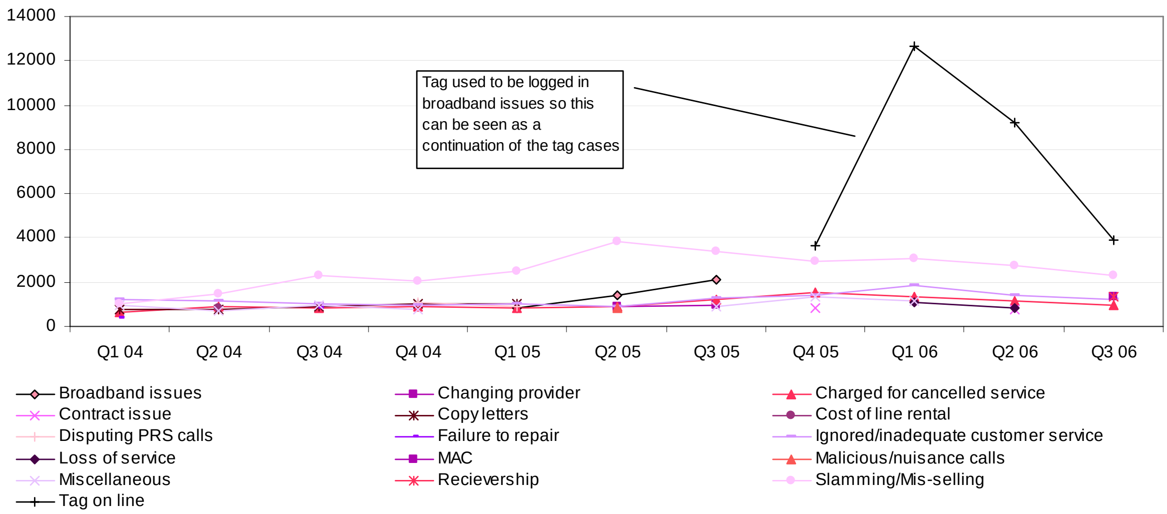
Source: Ofcom Contact Centre.
General = "General Enquires", these could relate to broadcast, spectrum, or telecoms issues.

The overall number of telecoms complaints increased between June and August 2006 to a peak of 16,074. Broadcasting complaints peaked in January 2005, driven by complaints about *Jerry Springer the Opera*. Recently there was an increase in the number of complaints from 997 in July to 3136 in August.

5.1.2 Number of telecoms complaints received by the OCC over time

Figure 135 shows the trend of the types of telecoms complaints the OCC receives per quarter. Please note that quarterly data smoothes the monthly fluctuations shown by Figure 134 above.

Figure 135: Number of telecoms complaints received by the OCC 2004-2006

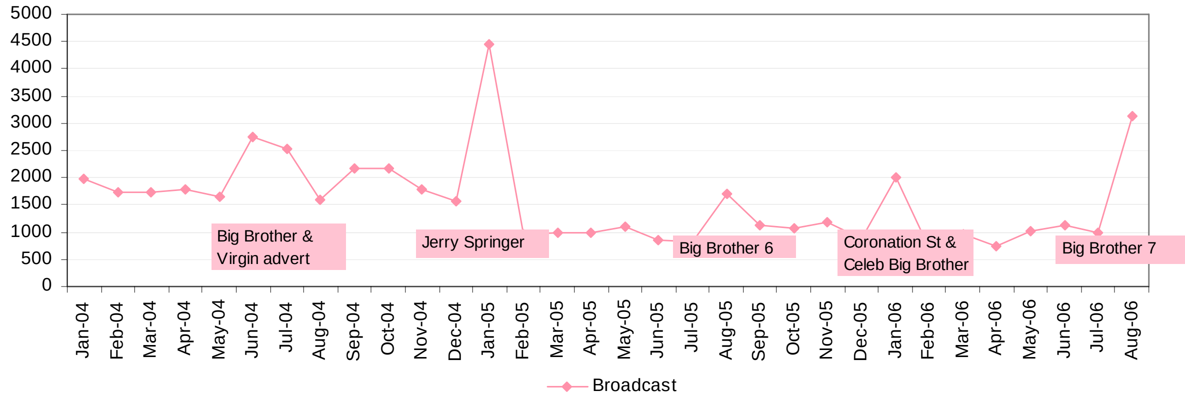


Source: Ofcom Contact Centre.

Telecoms complaint numbers are predominantly driven by complaints about fixed lines. There has been an increase in internet complaints, driven by 'tag on line[18]' although this has recently decreased from a peak in Q1. The decrease is due to a change in procedures at the OCC where callers are directed to contact BT Wholesale if they have this specific complaint.

5.1.3 Number of broadcasting complaints received by the OCC over time

Figure 136: Number of broadcasting complaints received by the OCC 2004-2006



Source: Ofcom Contact Centre.

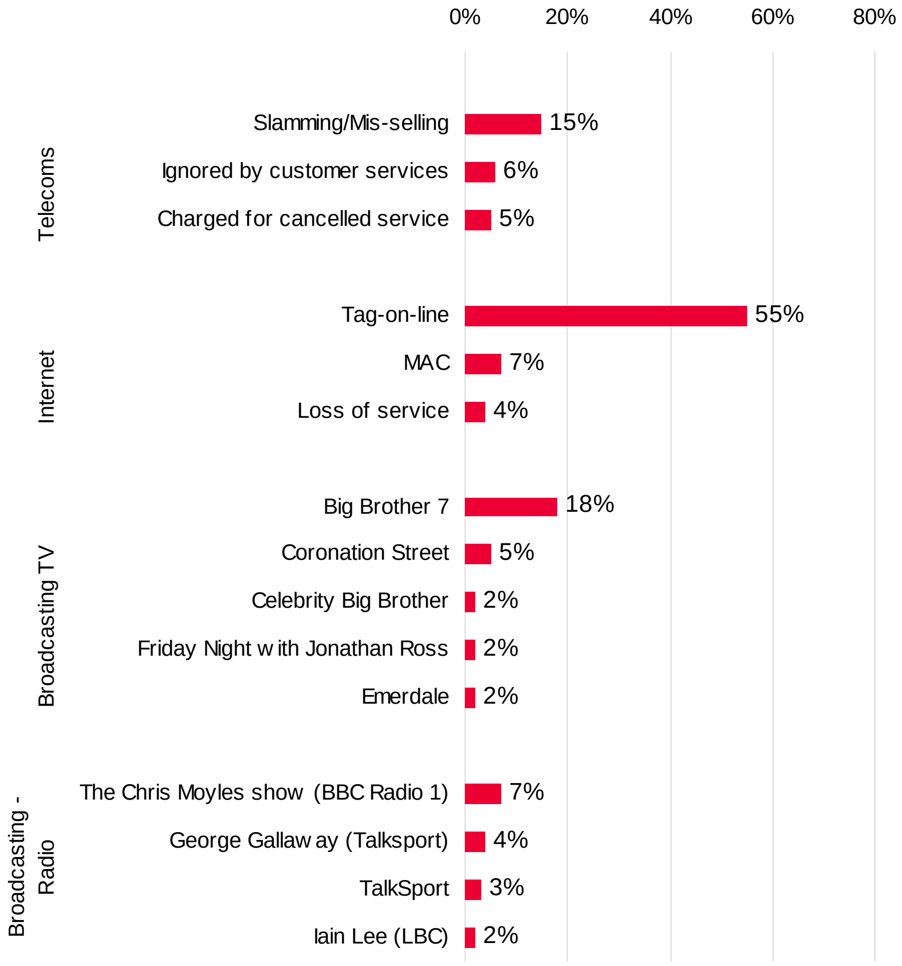
The number of broadcasting complaints is dominated by content complaints about television, as shown in Figure 136. Complaints about Big Brother 7 drove an increase in complaints between July and August 2006.

5.1.4 Most mentioned complaints to the OCC

Complaints to the OCC during Q2 2006 show a variety of consumer issues across each platform.

[18] Tag on line is the situation where an internet connection with one supplier has not been removed from a fixed line, thereby preventing a new supplier from using the line until the previous supplier's 'tag' has been removed from it.

Figure 137: Most mentioned complaints to the OCC



Source: Ofcom Contact Centre September 2005 -2006.

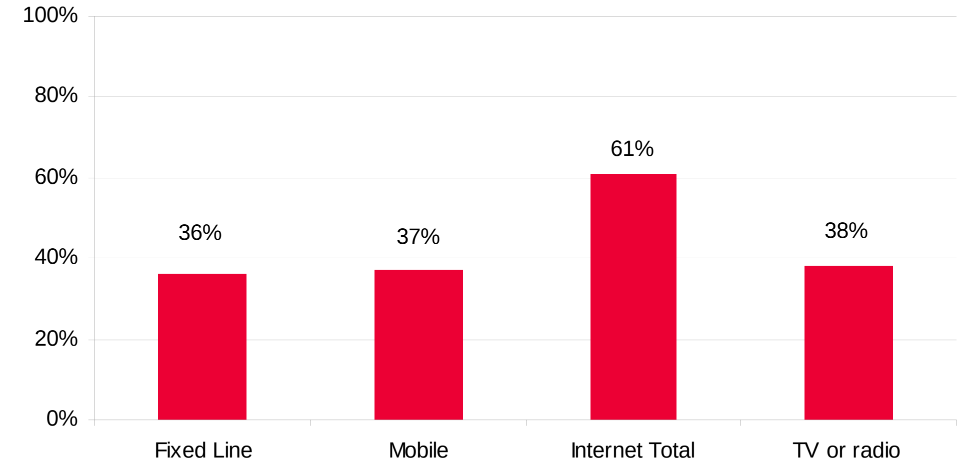
Tag-on-line was the main subject of complaint during this period (Figure 137). Within telecoms, the most frequently raised complaint were around slamming and mis-selling. The most common broadcasting complaints were about Big Brother 7.

5.2 Consumer Protection and Concerns metric 2: percentage of concerns mentioned in the communications market

This metric measures the percentage of the population that has concerns with each of the communications markets, and describes consumers' most frequently raised concerns.

5.2.2 Percentage of consumers who raised concerns about the communications market

Figure 138: Percentage of consumers who raised concerns about the communications market



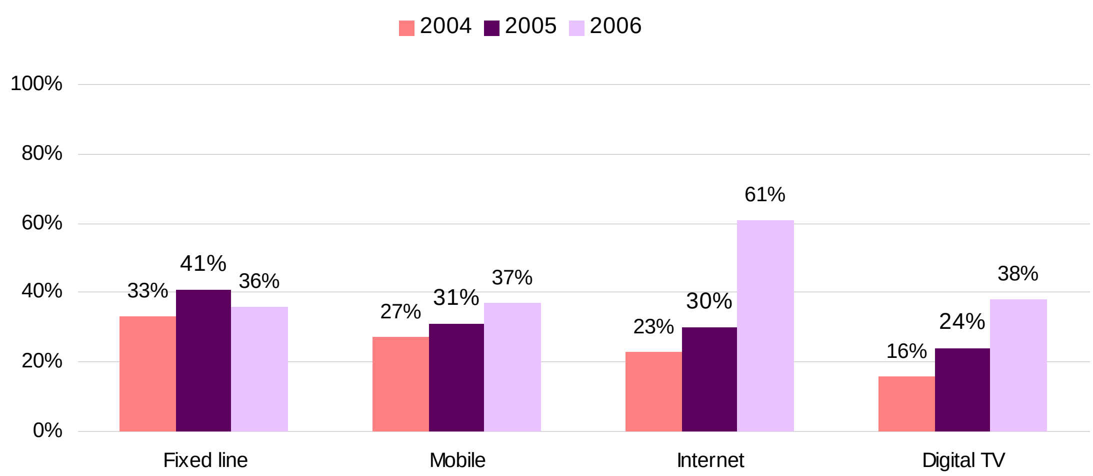
Source: Ad hoc survey conducted by BMRB on behalf of Ofcom, during August 2006. Base: 1085.

Figure 138 shows the highest levels of concern reported relate to the internet market – 61% of internet owners reported concern with at least one aspect of their service compared to 37% of mobile customers, 36% of fixed line customers, and 38% of digital TV customers.

5.2.1 Proportion of owners with concerns or worries with each service

Ofcom's Consumer Panel has been tracking the levels and types of concerns that consumers say they have in each of the fixed line, mobile, internet and digital TV markets since 2004. The latest survey, published in June 2006, indicates that all of these markets have seen a rise in the levels of concerns (Figure 139).

Figure 139: Proportion of owners with concerns or worries with each service

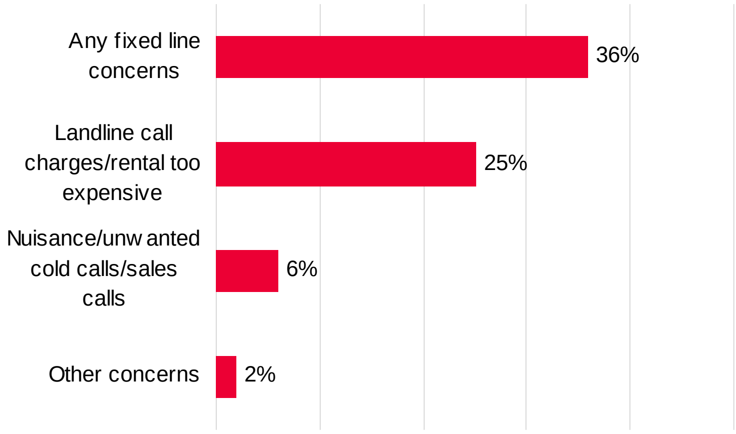


Source: Ofcom Consumer Panel survey conducted in October 2004 and 2005 among owners of each service. 2006 data from ad hoc survey conducted by BMRB on behalf of Ofcom, during August 2006. Base: 1085 UK adults.

2006 data was collected via an ad-hoc study, and while not directly comparable to the previous wave, the pattern of data indicates a rise in concerns across all platforms, in particular in the internet market.

5.2.2 Spontaneous concerns about fixed line services

Figure 140: Spontaneous concerns about fixed line services

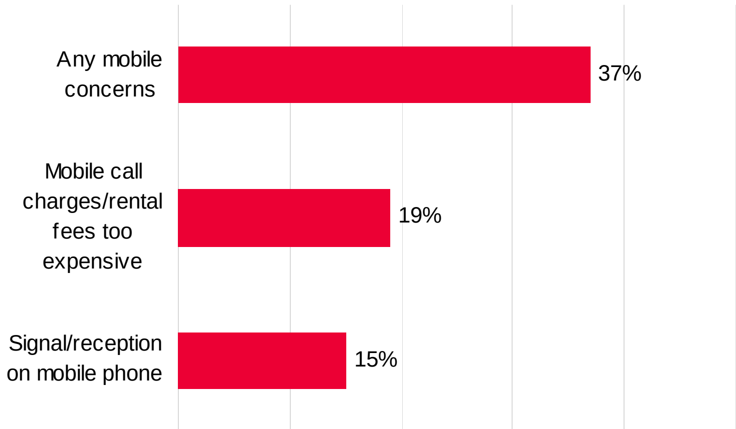


Source: Ad hoc survey conducted by BMRB on behalf of Ofcom, during August 2006. Base: 894 UK adults with fixed line at home.

Figure 140 shows that cost is the largest spontaneous concern in the fixed line market with one in four raising a concern. The area of second most mentioned concern relates to nuisance/unwanted calls (including pre-recorded)/cold and sales calls (6%).

5.2.3 Spontaneous concerns about mobile services

Figure 141: Spontaneous concerns about mobile services

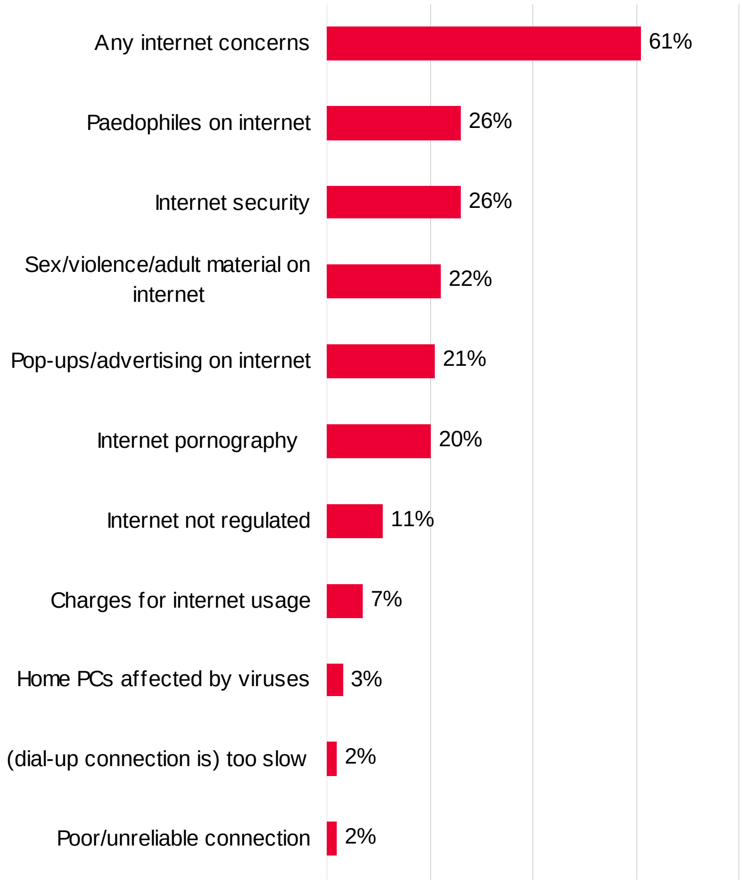


Source: Ad hoc survey conducted by BMRB on behalf of Ofcom, during August 2006. Base: 939 UK adults mobile phone.

In the mobile market cost is the greatest spontaneous concern for mobile customers, followed by concerns about poor reception or no signal (Figure 141).

5.2.4 Spontaneous concerns about internet services

Figure 142: Spontaneous concerns about internet services



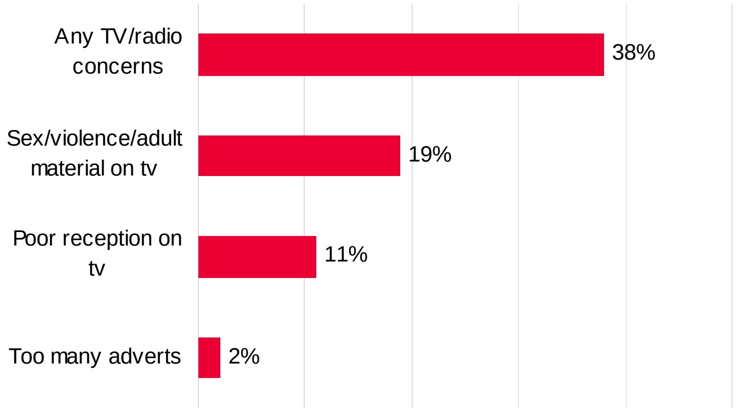
Source: Ad hoc survey conducted by BMRB on behalf of Ofcom, during August 2006 Base: 612 UK adults internet at home.

Overall internet consumers have a higher level of concern about content related issues than access (Figure 142).

Spontaneous concerns in the internet market relate principally to content security issues. One in four of those who have access to the internet at home are concerned about paedophiles using the internet and internet security/access of personal information. At least one in five are concerned about sex/violence/adult content, pornography and pop-ups/advertising on the internet.

5.2.5 Spontaneous concerns about TV and radio services

Figure 143: Spontaneous concerns about TV and radio services



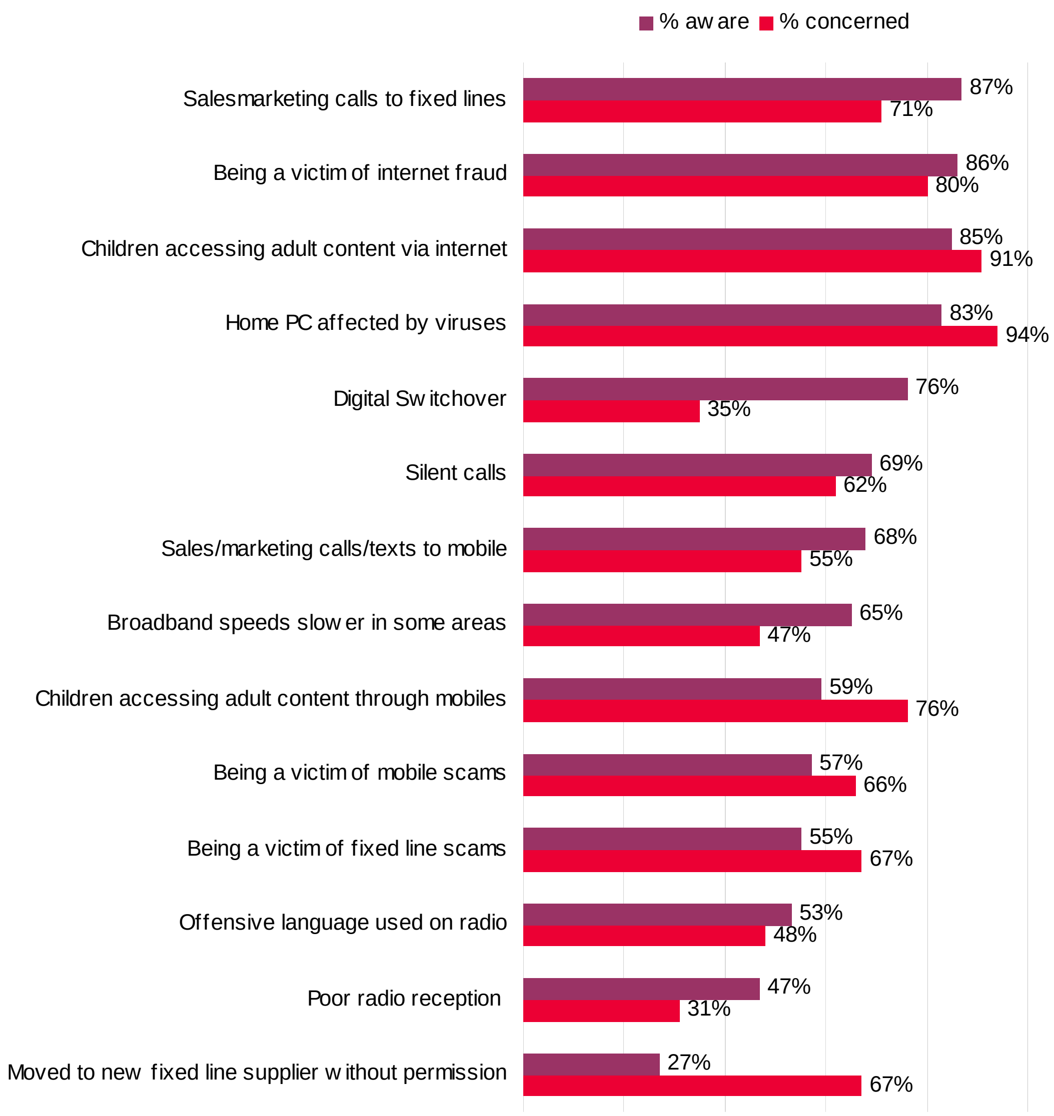
Source: Ad hoc survey conducted by BMRB on behalf of Ofcom, during August 2006. Base: 1070 UK adults with TV.

Figure 143 shows content is the main concern in the broadcasting market, followed by reception. Concern about sex, violence and adult material on TV (19%) is similar to the level of concern expressed about the same content available on the internet (22%).

5.2.6 Awareness and concern of various issues evident in the communications market

In order to understand the levels of consumer awareness and concern on specific issues, consumers were asked to comment on issues Ofcom was already aware of in the relevant markets covered. Figure 144 shows levels of awareness on a ranking basis.

Figure 144: Prompted awareness and concern about various issues in the communications market



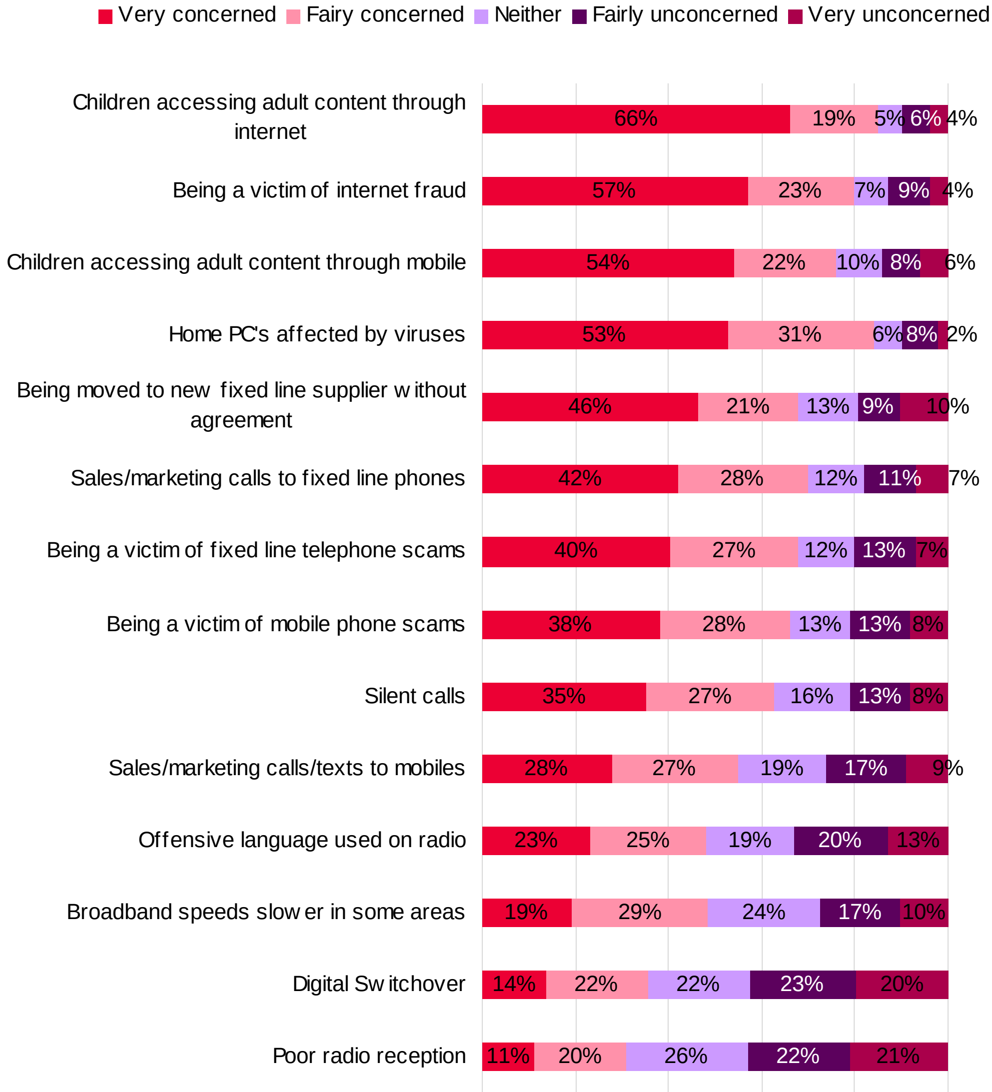
Source: Ad hoc survey conducted by BMRB on behalf of Ofcom, during August 2006. Base: 1047 UK adults. Levels of concern are measured among those consumers aware of the issue – bases range between 187 and 869.

When prompted with a list of issues that might be of concern, consumers were least aware, out of all the issues, that some fixed line suppliers have been switching customers to their own service without permission. However, once consumers were made aware of the existence of the issue, two-thirds of consumers (67%) reported they were concerned about it. Due to the small base size (n=46) data is indicative only, and suggests 1 in 4 of those who were aware of fixed line suppliers switching customers without their permission have either experienced it themselves (17%) or know someone who has experienced it (10%).

While the majority of consumers were aware of digital switchover (75%), just over a third were concerned about it (35%). However, the level of concern rises to 51% among those who have access to analogue terrestrial channels only.

5.2.7 Levels of concern with various issues evident in the communications market

Figure 145: Prompted levels of concern with various issues in the communications market – prompted



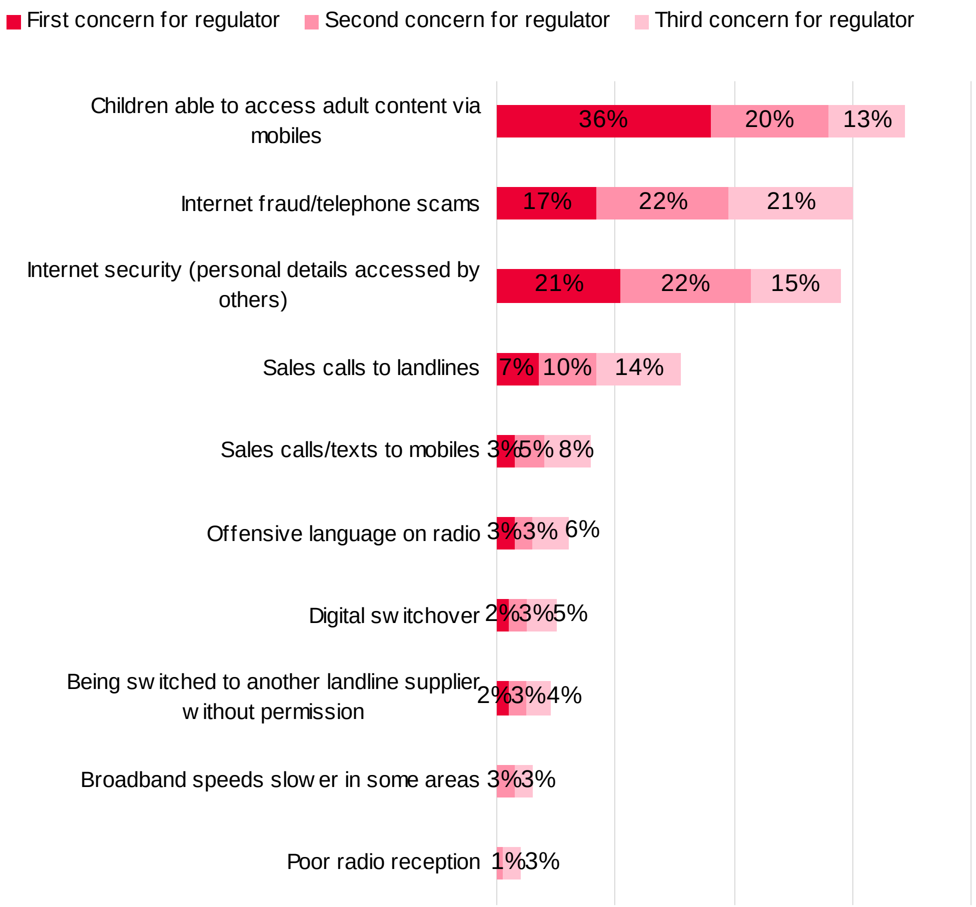
Source: Ad hoc survey conducted by BMRB on behalf of Ofcom, during August 2006. Base: 1047 UK adults. Levels of concern are measured amongst those consumers aware of the issue – bases range between 187 and 869).

Of all the issues consumers were prompted with, children accessing adult content through the internet and 'being a victim of internet fraud' elicited the highest levels of concern, followed by 'children accessing adult content through mobiles' and 'home PCs being affected by viruses' (Figure 145). Digital switchover and poor radio reception appeared to be of least concern to consumers in comparison to other issues.

5.2.8 Aspects that consumers consider should be of concern for the regulator

Consumers who said they were concerned about specific issues were then asked which of these they considered should be a concern for the regulator.

Figure 146: Aspects that consumers consider should be concern for the regulator



Source: Ad hoc survey conducted by BMRB on behalf of Ofcom, during June 2006. Variable base – consumers concerned about each issue - bases range between 212 and 767.

Figure 146 shows of all the concerns mentioned (both spontaneous and prompted) children accessing adult content via the internet was in the top three issues that consumers considered the regulator should be concerned about. However, 'children accessing adult content via mobile phones' was the single issue which most consumers (who indicated concern about this) said should be a key concern for the regulator. This was followed by internet fraud and internet security.

Consistent with lower levels of concern, digital switchover was near the bottom of the list.

Protection from internet content

The following section highlights research that Ofcom has conducted via its residential tracking study in relation to consumer protection from internet content. While internet content issues are outside the scope of this report, the findings are relevant as this issue is of greatest concern to consumers in relation to the other issues they were prompted with – adult mobile and internet content accessed by children.

Overall the majority of the population (71%) thought there should be some way of making sure harmful things are removed from the internet, while nearly one fifth (18%) believe everybody should be allowed to decide for themselves what they look at on the internet. Opinions did not vary according to whether consumers had internet access at home or not.

Restricting internet access

In the internet market two-thirds of adults know at least one way to restrict access. The two control mechanisms with the highest level of awareness are controls offered by ISPs which allow you to restrict access to certain sites (46%) and software blocking access to sites which contain specific words or pictures (45%). It is worth noting however that 23% of adults have not heard of the main ways access to the internet can be controlled or restricted.

Among those who have access to the internet at home, there is a fairly even split between those who have filtering tools in operation on their PC, and those that don't. 42% have filtering tools such as software which are capable of screening the content of websites and blocking certain users such as children, while 44% do not.

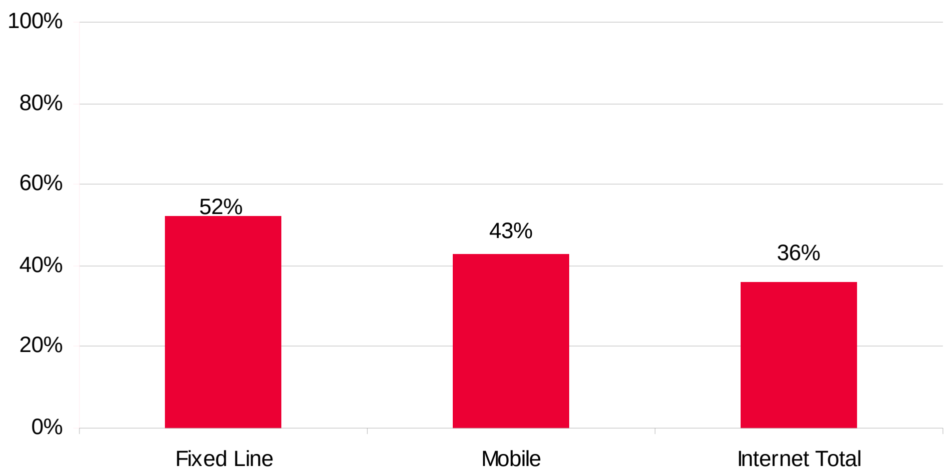
Those with children under 15 years are more likely to have filtering tools in operation (49%) than those who do not have children at home (38%). However, one-third of internet customers with children under 15 years, do not have any internet filtering on their PC.

The majority of people who use filtering tools are confident that they are effective (86%). Searching the internet (47%) and asking a friend or family (39%) are the two main ways those who currently do not use internet filtering tools would find out about them.

5.3 Consumer Protection and Concerns metric 3: awareness of right to receive an industry code of practice

All communications providers are required to have a 'complaints code of practice'. This document is meant to be easily accessible to consumers and sets out the correct procedures for consumers to follow should they need to make a complaint.

Figure 147: Awareness of right to receive an industry code of practice



Source: Ad hoc survey conducted by BMRB on behalf of Ofcom, during August 2006. Base: 1085 UK adults.

Just over half of consumers are aware they have a right to receive an industry code of practice in the fixed line market. Awareness decreases to 43% in the mobile market and 36% in the internet market (Figure 147).

Additional analysis shows that consumers who said they were aware of a code of practice were more likely than average to be either married or co-habiting, living in low deprivation areas, on an income above £11,500 per annum, and male. People who were aware of ISP codes of practice were more likely to be social class AB while for the other technologies, ABC1s were more aware. People living in a rural area had a greater awareness of fixed line and ISP codes of practices. This is consistent with the higher proportion of more affluent social groups living in rural areas.

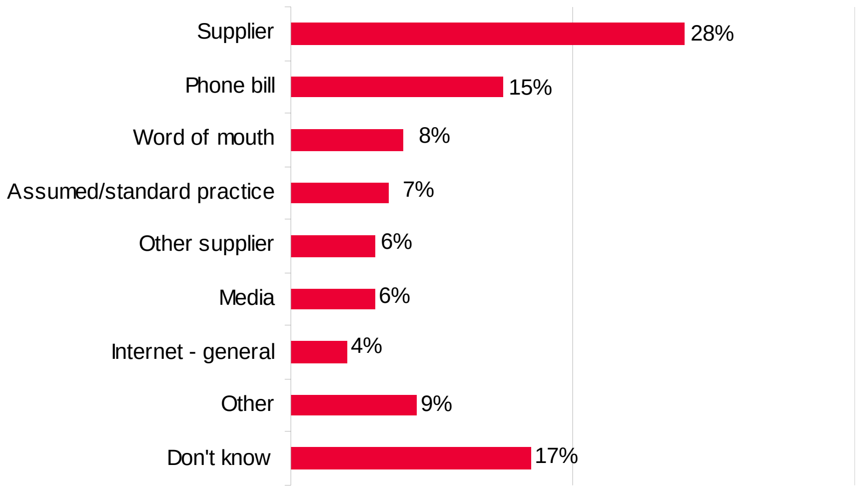
The most frequently mentioned source for finding out about codes of practice was from the supplier, including information available on the supplier website, directly provided by the supplier or in their contract, but not including their phone bill. 37% of mobile customers who were aware of their suppliers' code of practice said they found out from their supplier. This compares to 28% for fixed line and 23% for ISPs.

In the fixed line market awareness raised by information on phone bills was higher than in either the mobile (8%) or internet (5%) markets.

6% of people aware of the codes of practice assumed these were available as it was considered 'standard practice'.

5.3.2 Where people found out about their fixed line suppliers code of practice

Figure 148: Where people found out about their fixed line suppliers code of practice – total mentions

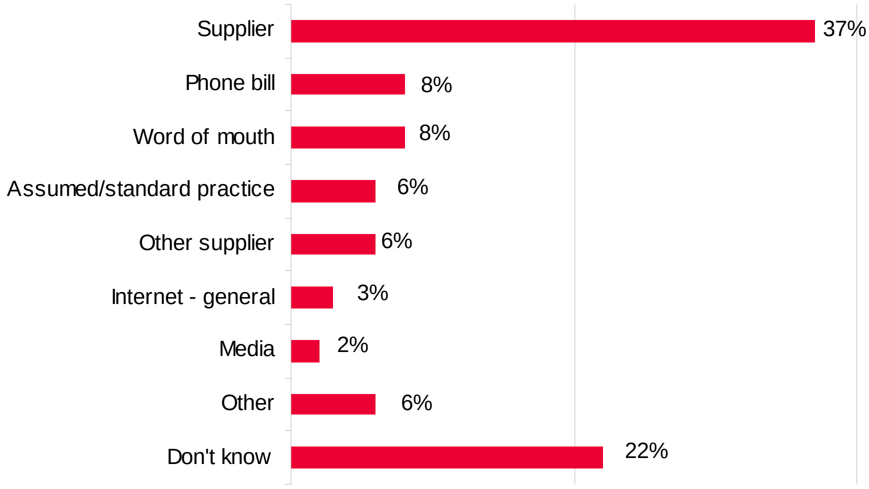


Source: Ofcom Communications Tracking Survey, Q1 2006. Base: All adults with fixed line aware of code of practice (1241).

When asked where they would like to find their codes of practice for their suppliers; supplier websites, phone bills and leaflets from their supplier were the main responses (Figure 148). Phone bills were more popular as a source of information for fixed line customers.

5.3.3 Where people found out about their mobile suppliers code of practice

Figure 149: Where people found out about their mobile supplier's code of practice – total mentions

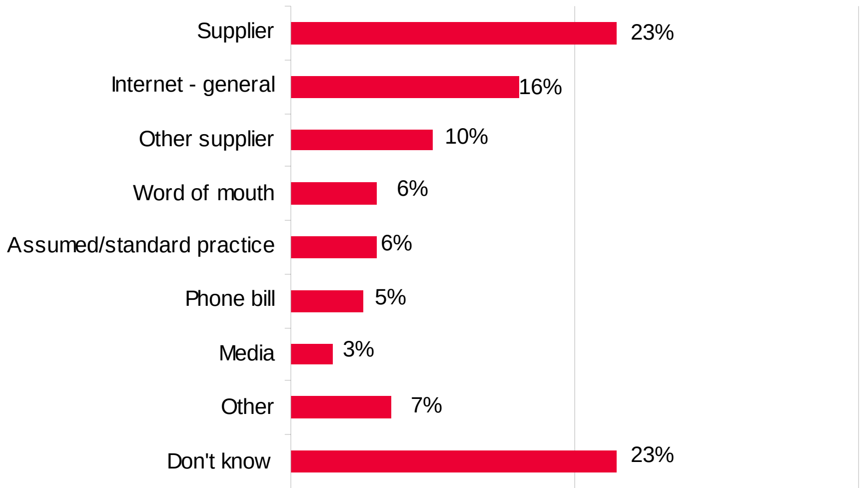


Source: Ofcom Communications Tracking Survey, Q1 2006. All adults with mobile aware of code of practice (1241).

Figure 149 shows over a third of mobile customers found out about their provider's code of practice from their actual provider.

5.3.4 Where people found out about their internet supplier's code of practice

Figure 150: Where people found out about their internet supplier's code of practice – total mentions

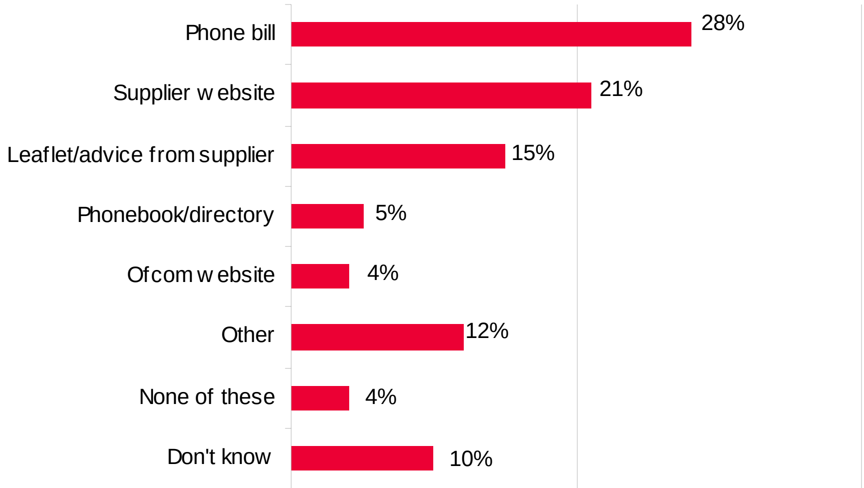


Source: Ofcom Communications Tracking Survey, Q1 2006. All adults with home internet aware of code of practice (733).

While nearly a quarter of internet consumers found about the code of practice from their supplier, not surprisingly a higher percentage found it on the internet, compared with fixed line (4%) and mobile (2%) consumers (Figure 150).

5.3.5 Where people would like to find their fixed line supplier's code of practice

Figure 151: Where people would like to find their supplier's code of practice – prompted

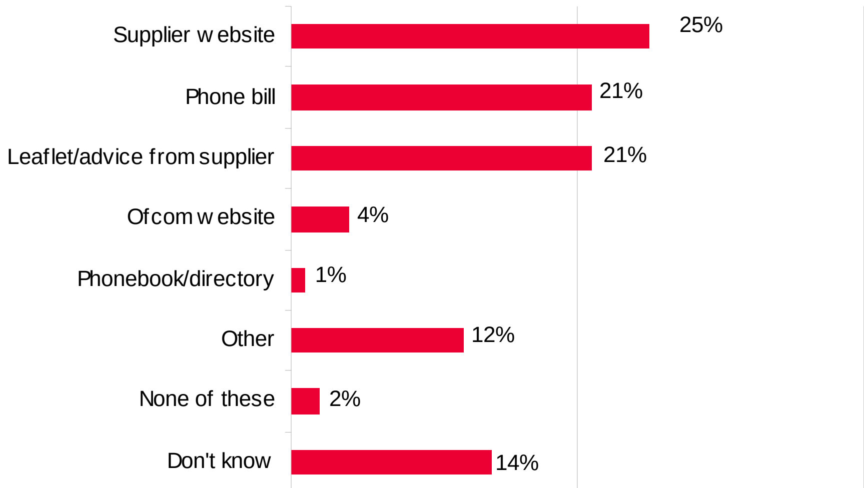


Source: Ofcom Communications Tracking Survey, Q1 2006. Base: All adults with fixed line (1272)/

For fixed line services, non-web based options are unsurprisingly most popular with people without internet access. A minority opted for this information to be available on Ofcom's website, an option most popular among people living in London and in the higher socio-economic groups (Figure 151).

5.3.6 Where people would like to find their mobile supplier's code of practice

Figure 152: Where people would like to find their supplier's code of practice – prompted

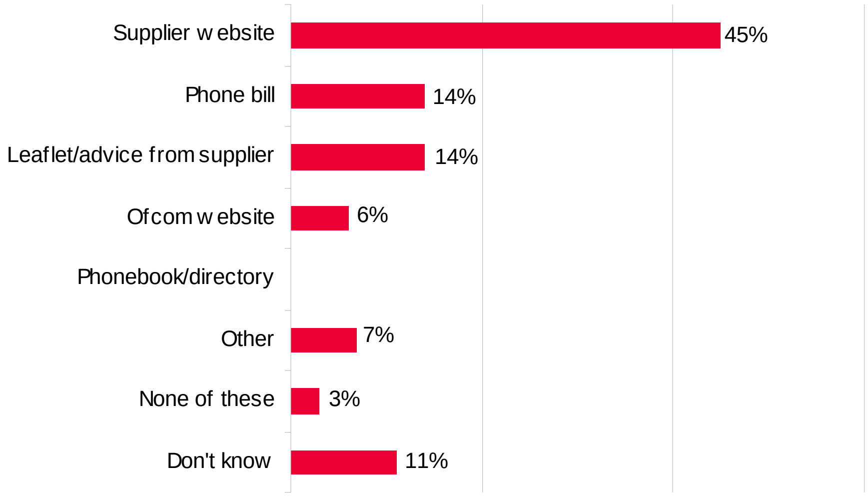


Source: Ofcom Communications Tracking Survey, Q1 2006. Base: All adults with mobile (1938).

Figure 152 shows supplier websites, followed by phone bills and leaflets/advice from supplier are the most preferred source for a mobile supplier's code of practice.

5.3.7 Where people would like to find their internet supplier's code of practice

Figure 153: Where people would like to find their supplier's code of practice – prompted



Source: Ofcom Communications Tracking Survey, Q1 2006. Base: All adults with home internet (1464).

In line with consumer awareness of where to find an internet provider's code of practice, the supplier website is the preferred place for it to be made available (Figure 153).

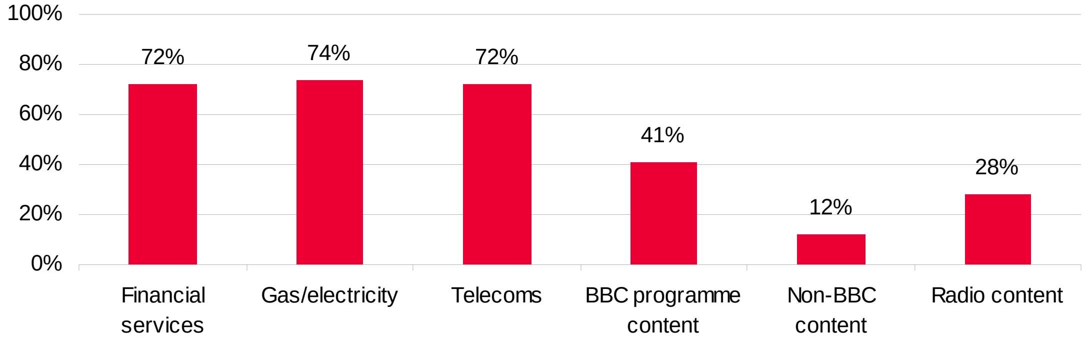
5.4 Consumer Protection and Concerns metric 4: awareness of who to make a complaint to

Within each of the communications markets (telecoms, internet and broadcasting) consumers may have cause to complain about various aspects of their service.

Generally, the correct initial point of contact for any complaint in any of these industries would be the supplier or broadcaster. However, subsequent procedures vary according to the issue.

5.4.2 Awareness of initial contact for complaint

Figure 154: Awareness of initial contact for complaint



Source: Ofcom General Awareness Survey, conducted by Ipsos-MORI during Q1 2006, Base: 3978 UK adults aged 15+.

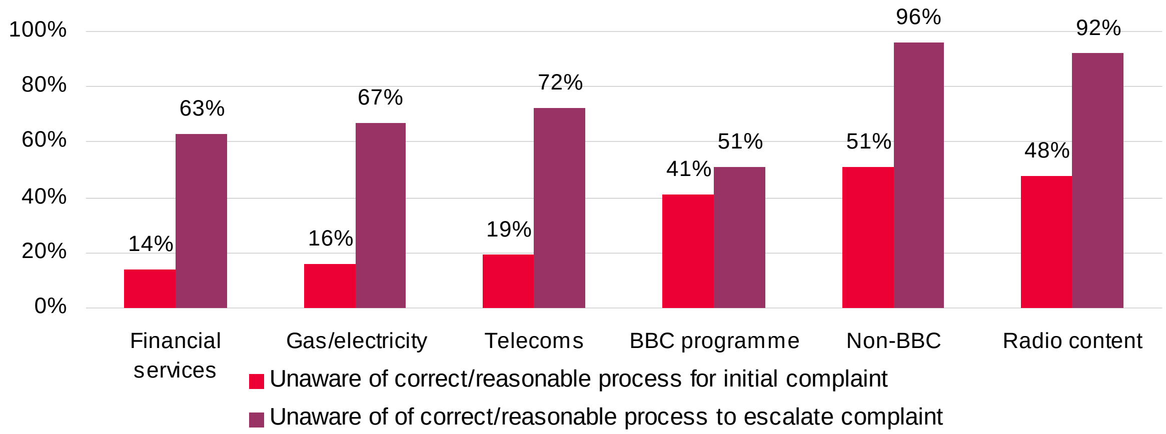
About seven in ten consumers said they would approach their supplier initially if they had an issue concerning telecoms (72%), gas/electricity (74%) or financial services (72%) (Figure 154). However, a significant minority did not know where to start complaining about telecoms (19%), gas or electricity supply (16%) or financial services (14%) (see Figure 155 below).

Consumers were less aware of which organisation to contact with a broadcast issue. Significant proportions of consumers did not know where to start complaining about BBC TV programme content (41%), non-BBC TV programme content (51%) or radio programme content (48%).

5.4.3 Percentage unaware of initial contact and subsequent escalation process for making a complaint

If the consumer is not happy with the response from the supplier contacted initially the correct process for each of telecoms, gas/electricity and financial services is to escalate the issue to an ombudsman.[19]

Figure 155: Unawareness of initial contact and subsequent escalation process for making a complaint



Source: Ofcom General Awareness Survey, conducted by Ipsos-MORI during Q1 2006. Base: 3978 UK adults aged 15+.

Figure 155 shows consumers were less aware of the correct way to escalate a complaint about telecoms (72% unaware of escalation) compared to each of these other markets (63% unaware for financial services and 67% unaware for gas/electricity).

In relation to complaints about content, the correct process for making a non-BBC TV or radio content complaint is to contact the channel and then to escalate the matter with Ofcom.[20] Consumers displayed relatively low awareness of the correct or reasonable process when escalating a complaint about a radio or non-BBC television broadcast in comparison to all other markets assessed. In comparison, the BBC had relatively high awareness (49%).

[19] A correct process varies by the type of complaint but is the one recommended or requested by the relevant regulatory body. A reasonable process is one where an organisation is contacted which will be able to refer an individual to the correct process.
[20] Correct responses included the BSC and non-specific mentions of television ombudsman or regulator.

5.4.4 Awareness of Ofcom

Consumers have a low level of awareness of complaint procedures and industry guidelines:

- the majority of consumers are unaware of the correct complaints escalation procedures;
- about a fifth are unsure who they should initially contact with a complaint;
- over half of consumers in each market say they are unaware that their supplier has a code of practice; and
- one-fifth of consumers with a complaint did nothing about it.

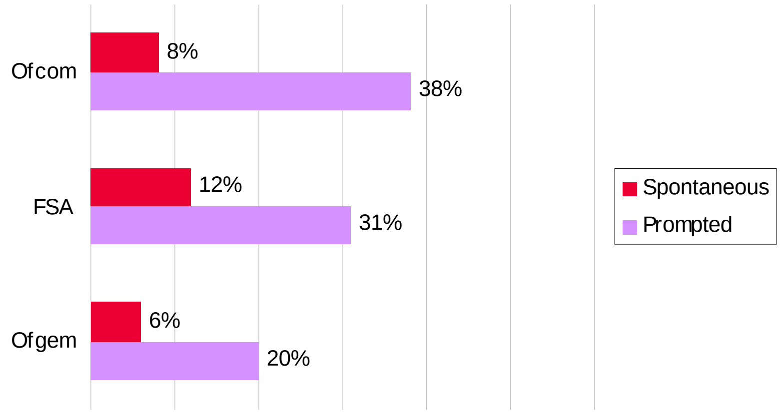
Given this low level of awareness, consumers may be left unable to make a complaint and vulnerable unless they are correctly signposted by their supplier (or the company they initially contact with their complaint) to enable them to resolve their problem.

It is therefore also important to assess consumers' awareness of Ofcom. While perhaps unable to assist fully, Ofcom would at least be in a position to correctly signpost consumers through the various complaints procedures.

5.4.5 Awareness of Ofcom, FSA and Ofgem

Levels of spontaneous and prompted awareness of Ofcom are comparable with other regulators.

Figure 156: Awareness of Ofcom, FSA and Ofgem



Ofcom Stakeholder Research Base: All adults 15+ (3978) 20th Jan-9th Feb 2006 – Wave 2 Base: All adults 15+ (2014) 2nd-29th Sept 2005 – Wave 1 Base: All adults 15+ (2053).

Figure 156 shows when asked spontaneously to name the regulator for the relevant industry, consumers' awareness of Ofcom (8%) was consistent with that of Ofgem (6%) but lower than the FSA (12%). When prompted, consumers were more likely to have heard of Ofcom (38%) than the FSA (31%) or Ofgem (20%).

Those who were aware of Ofcom when prompted and could correctly state its remit were more likely to be:

- middle aged (between 35 and 65 years)
- affluent (both in terms of their socio-economic group and income)

- males who were working and read either mid-market or quality newspapers.

Those who were less likely to be aware of and know about Ofcom were:

- younger (between 15 and 24) or elderly (65 or more)
- who were not working (either retired, studying or unemployed) and
- read tabloid newspapers

These profiles are very similar to the profiles of those consumers that were aware of and knew about either the FSA or Ofgem and those consumers that know how to complain about consumer issues.

Places consumers would approach if they were concerned about internet content

In comparison, separate research conducted via Ofcom's residential tracking survey suggests that if consumers saw something on the internet that concerned them, 44% said they did not know who they should contact. Just over a quarter (28%) would go to the police, 17% would go to their ISP and 7% said they would contact Ofcom.

Complaints about unsolicited calls/texts/silent calls

A specific issue in the telecoms market, and noted above as a concern to consumers, is privacy (unsolicited calls/texts). Nearly 7 in 10 consumers aware of this issue in each of the fixed line and mobile markets said they were concerned about it. However, few (13%) in comparison to other markets were aware of how to complain about unsolicited text messages, phone calls or silent calls. In fact 30% did not know where to start making such a complaint and 35% stated that they would start by contacting their telecoms supplier. Just under a fifth (19%) would contact a call blocking service. Awareness of the correct complaints procedure for these issues rose from 11% to 15% over six months (Q3 2005 to Q1 2006).

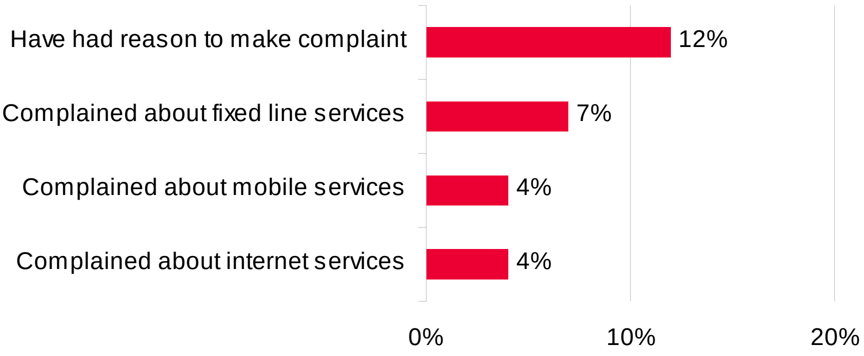
Complaints about telecom premium rate call services

Premium rate call services (PRS) offer some form of information or entertainment that is charged to your phone bill. You can also make premium rate 'calls' through the internet and in some instances digital TV.

Complaints data provided by ICSTIS (the premium rate services regulator) show a peak in complaints in August 2006 driven by Big Brother 7. Apart from this peak, complaint numbers have declined to a stable level over the past 12 months.

5.4.6 Whether consumers have ever had cause to complain[21]

Figure 157: Percentage of consumers who have had cause to complain



Source: Ofcom's Communication Tracking Survey, Q1 2006. Base: 2206 UK adults.

The vast majority (88%) of adults say they have not had reason to make a complaint about a communications service or supplier (Figure 157). 12% have had reason to make a complaint – 7% about fixed line services, 4% about mobile telephony services and 4% about internet.

There are several differences in demographics and media consumption between those consumers who are more likely to complain that those who are not.

Those consumers who know how to complain were more likely to be 35-54 years old, AB socio-economic group, live in Scotland or the South of England. In terms of media consumption they are more likely to read quality or mid-market newspapers.

Those consumers who are less likely to complain were younger (15-24 years) or 65+ years, DE socio-economic group, not working (retired, studying, or unemployed) and living in the Midlands or Greater London. They were also more likely to read tabloid newspapers.

These profiles did not vary significantly between the issues being complained about, whether telecoms or broadcasting. The type of person who knows how to complain was likely to be able to know how to complain about a range of issues.

However, as illustrated below the perceived 'hassle' involved in complaining is the most frequently mentioned barrier to complaining among consumers who said they had cause to complain.

5.4.7 Reasons consumers did not progress a complaint

Most (80%) consumers who said they had reason to complain in each of the communication services did follow through with their complaint – 81% for fixed line, 89% for mobile and 84% for internet.

[21] Data taken from Ofcom's Communications Tracking survey, Q1 2006.

Table 2: Reasons consumers did not progress a complaint

	Not worth the hassle	Problem was sorted out	Did not have time	Won't do anything anyway	Other Reason	Don't Know
All	14%	13%	13%	8%	7%	4%
Fixed line	8%	9%	5%	6%	3%	4%
Mobile	3%	2%	3%	0%	2%	0%
Internet	3%	2%	3%	2%	2%	0%

Source: Ofcom Communications Tracking Survey, conducted by Ipsos-MORI during Q1 2006. Base: 2214 UK adults with a complaint they did not proceed with.

However, a fifth of consumers with complaints did not follow them through. The three most common reasons for not continuing were lack of time, not believing the complaint was worth the inconvenience and resolving the problem by other means (see Table 2).

Annex 1

Research methodologies

Ofcom's Residential Communications Tracking Study

Methodology	Continuous face to face survey
Core objective	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	700+ per month (2439 Q2 2006)
Fieldwork period	Q4 2005 (October, November, December), Q1 2006 (January, February, March), Q2 2006 (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 has been weighted to ensure it is representative of the UK adult population.

Consumer Panel tracking survey

Methodology	Face to face survey
Core objective	To measure the level of consumer knowledge regarding what is going on in the communications market and the choices/alternatives consumers have now and will have in the future? To establish the current consumer experience in the communications market?
Sample size	2689
Fieldwork period	Point in time survey conducted in October 2005.
Sample definition	UK adults aged 15+, sample selected to be representative 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 has been weighted to ensure the sample is representative of the UK adult population

Consumer Panel Older People and Communications Technology

Methodology	Qualitative focus and in-depth interviews
Core objective	To provide a detailed analysis of older people's profiles and characteristics, comparing those who have purchased internet and DTV services with those who have not. To assess the similarities and differences between users and non-users of these services
Sample size	18 focus groups, 20 in-depth interviews
Fieldwork period	May 2006
Sample definition	Focus groups – respondents recruited on the basis of usage and attitudes of communications and aged 55+ years. • 8 groups were 'digitally disengaged' – May have mobile phone and DTV, but not internet access nor 'into' technology • 5 groups were 'late adopters' – May have mobile and DTV, have internet access (dial up), 'mid range' attitude to technology • 5 groups were 'embracers' – Have mobile, may have DTV, have broadband internet, 'high interest' in technology In-depth interviews among consumers with disabilities and/or those unable to leave the home to attend group sessions
Weighting	Not applicable

Ofcom Decision-making survey

Methodology	Telephone survey
Core objective	To explore the landline, mobile and internet/broadband markets, recognising that with increased convergence and bundled purchasing multi-channel TV services may impact consumers' decision-making. To gain a better understanding of how consumers make decisions when choosing a supplier, both switching supplier within markets and choosing a supplier for a new service To gain a better understanding why a significant proportion of consumers do not even consider changing supplier and understand what, if anything, would encourage these consumers to participate in the telecoms market?

Sample size	N=500 UK adults with fixed line, n=500 UK adults who personally use mobile, n=502 UK adults with internet
Fieldwork period	June 2006
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 has been weighted to ensure the sample is representative of the UK adult population

Ofcom Accuracy of Consumer Usage Estimates

Methodology	Qualitative – Accompanied surfs Quantitative - Online survey
Core objective	Assess how effective price comparison web sites are in capturing accurate information on consumers' usage and providing accurate advice on potential savings
Sample size	Quantitative - N=500
Fieldwork period	Qualitative - June 2006 Quantitative – July, August, September 2006
Sample definition	Qualitative: Broad mix of consumers involved in the fixed line, mobile, dial-up or broadband markets Quantitative - UK adults aged 15+, representative online population who have fixed line and mobile phone.
Weighting	Quantitative - Data has been weighted to ensure the sample is representative of the UK adult online population

Ofcom Tracking General Awareness of Consumers

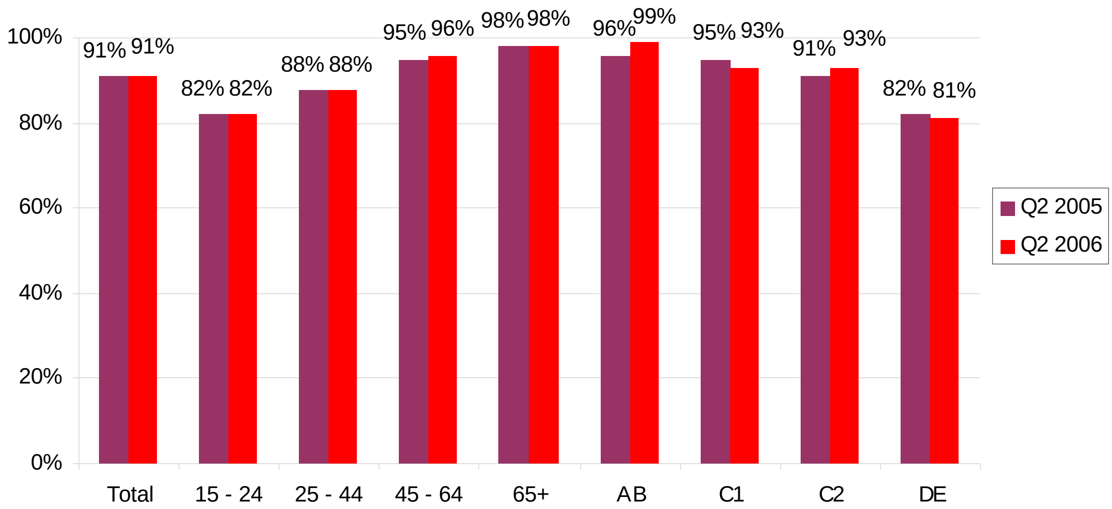
Methodology	Face-to-face Computer Assisted Personal Interviewing omnibus
Core objective	To determine the level of brand awareness that Ofcom has. This was compared to similar organisations; the FSA and Ofgem; - To determine understanding of Ofcom's remit; - To determine level of understanding of complaints processes; - Targeting areas/consumer types with low awareness.
Sample size	Wave 1 N=2053, wave 2 N=2014
Fieldwork period	Wave 1 – September 2005 and wave 2 – January/February 2006
Sample definition	UK adults aged 15+, reflective of the UK profile by sex, age, socio-economic group, region, employment status, rural/urban areas and levels of deprivation.
Weighting	The sample was weighted on age, social grade, region and working status within gender to make the overall and per region samples nationally representative.

Annex 2

Demographic analysis

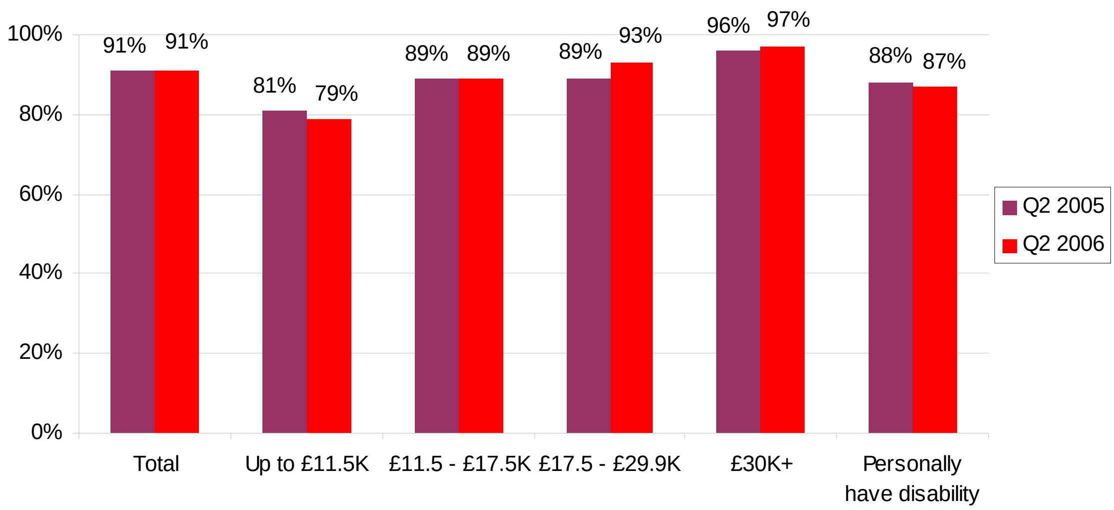
Profile of owners of fixed line services

Figure 158: Age and socio-economic profile of owners of fixed line services



Source: Ofcom Communications Tracking Survey, conducted by Ipsos-MORI. Q2 2005 base: 2241 UK and Q2 2006 base: 2439 UK adults.

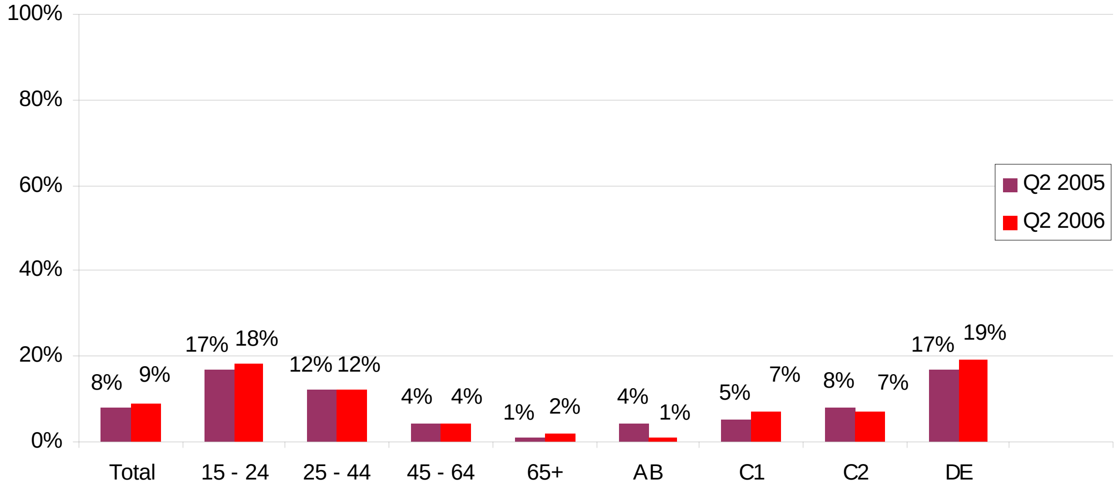
Figure 159: Income and disability profile of owners of fixed line services



Source: Ofcom Communications Tracking Survey, conducted by Ipsos-MORI. Q2 2005 base: 2241 UK and Q2 2006 base: 2439 UK adults.

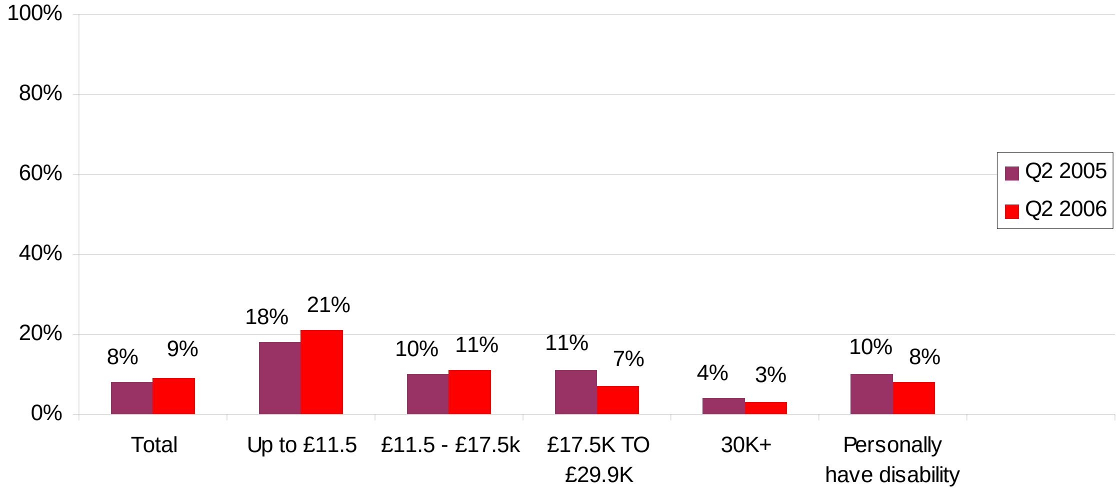
Profile of owners of only mobile services

Figure 160: Age and socio-economic profile of owners of only mobile services



Source: Ofcom Communications Tracking survey, conducted by Ipsos-MORI. Q2 2005 base: 2241 and Q2 2006 base: 2439 UK adults.

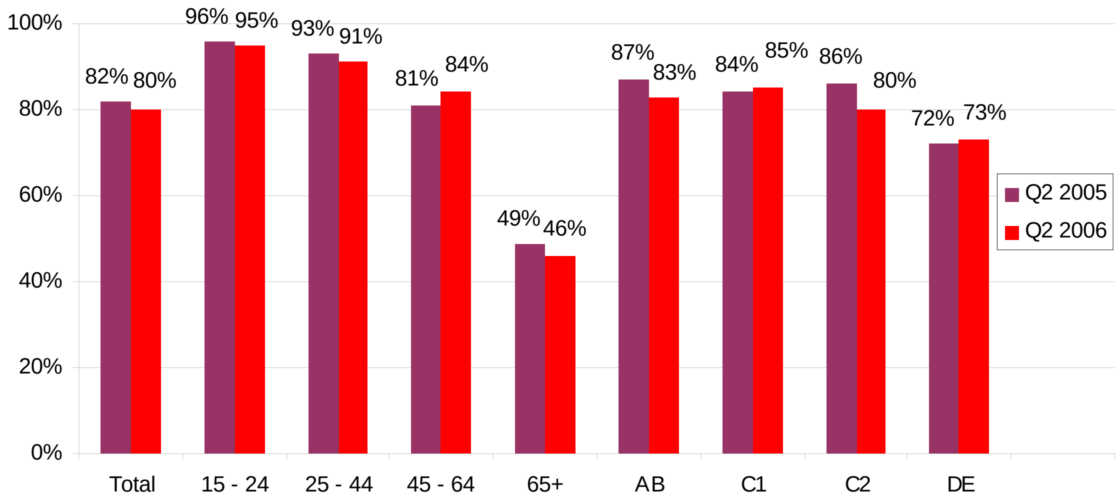
Figure 161: Income and disability profile of owners of only mobile services



Source: Ofcom Communications Tracking survey, conducted by Ipsos-MORI. Q2 2005 base: 2241 and Q2 2006 base: 2439 UK adults.

Profile of those who personally use mobile services

Figure 162: Age and socio-economic profile of those who personally use mobile services



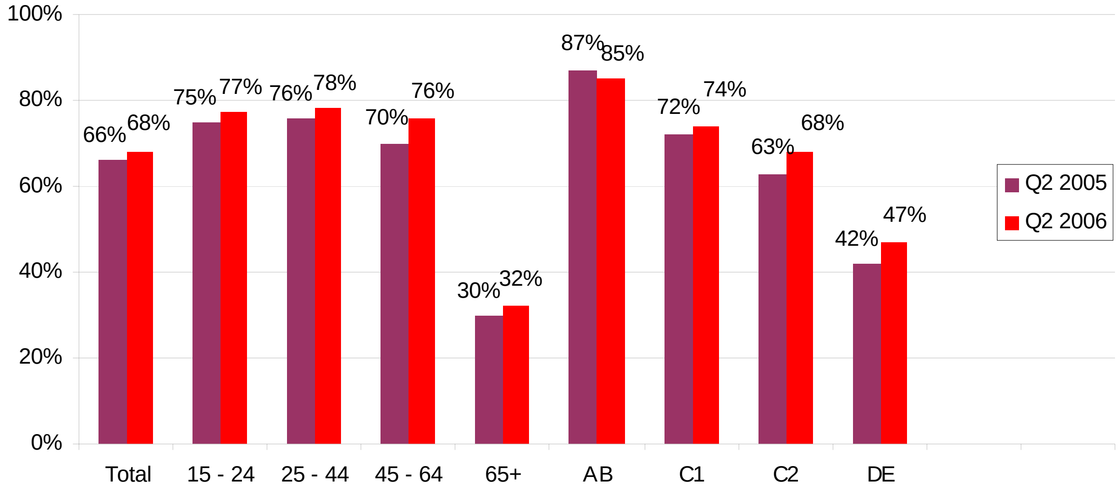
Source: Ofcom Communications Tracking Survey, conducted by Ipsos-MORI. Q2 2005 base: 2241 and Q2 2006 base: 2439 UK adults.

Figure 163: Income and disability profile of those who personally use mobile services

Source: Ofcom Communications Tracking Survey, conducted by Ipsos-MORI. Q2 2005 base: 2241 and Q2 2006 base: 2439 UK adults.

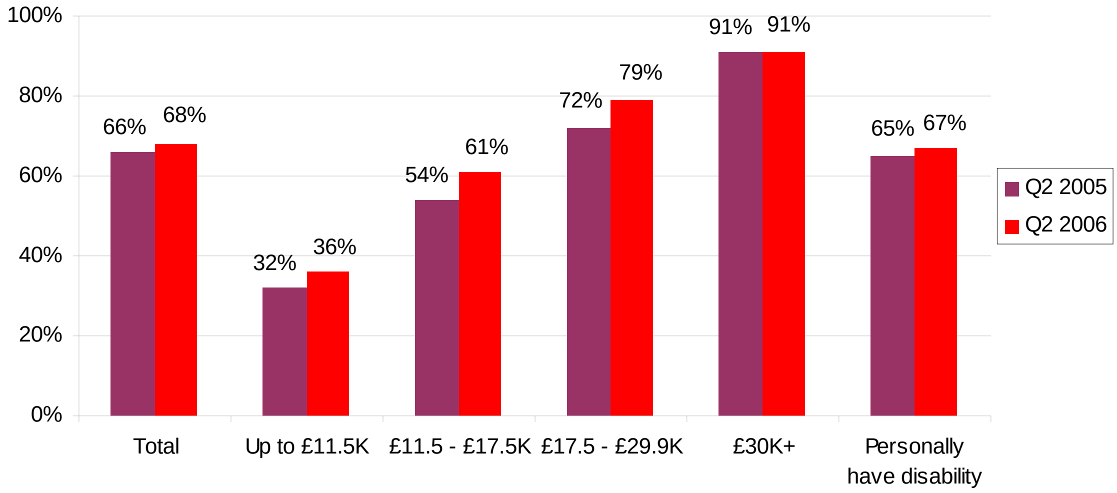
Profile of owners of PC's

Figure 164: Age and socio-economic profile of PC owners



Source: Ofcom Communications Tracking Survey, conducted by Ipsos-MORI. Q2 2005 base: 2241 and Q2 2006 base: 2439 UK adults.

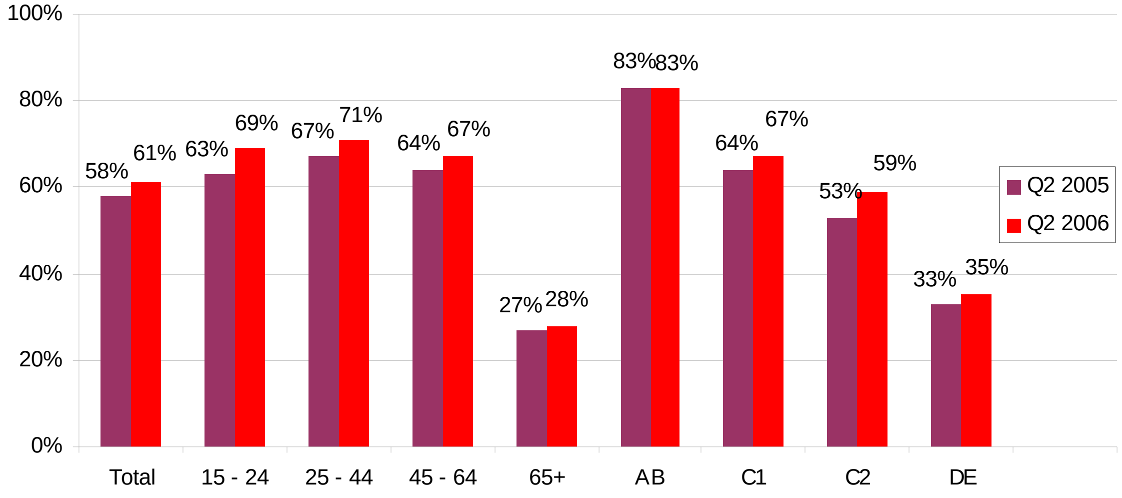
Figure 165: Income and disability profile of PC owners



Source: Ofcom Communications Tracking Survey, conducted by Ipsos-MORI. Q2 2005 base: 2241 UK adults and Q2 2006 base: 2439 UK adults.

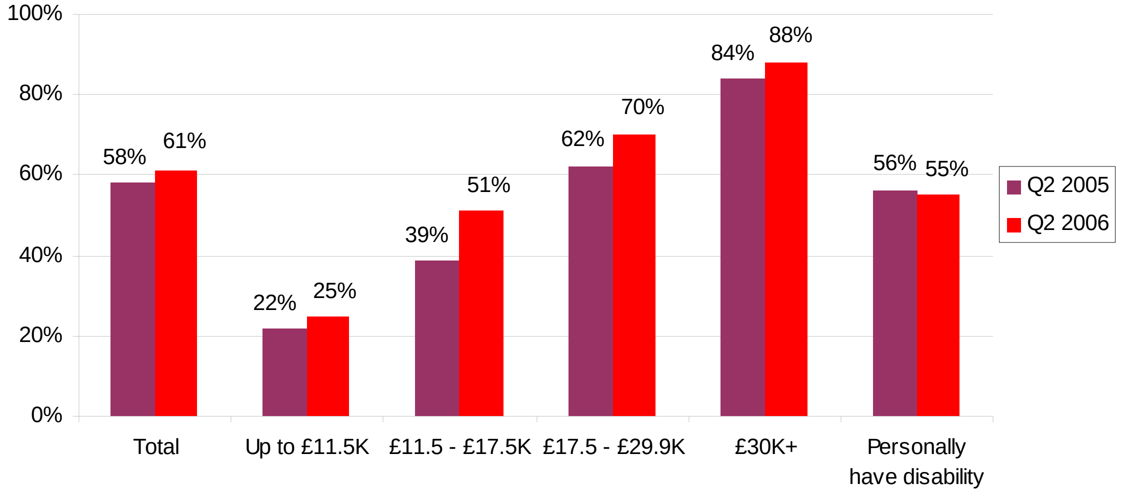
Profile of owners of internet services

Figure 166: Age and socio-economic profile of internet owners



Source: Ofcom Communications Tracking Survey, conducted by Ipsos-MORI. Q2 2005 base: 2241 and Q2 2006 base: 2439 UK adults.

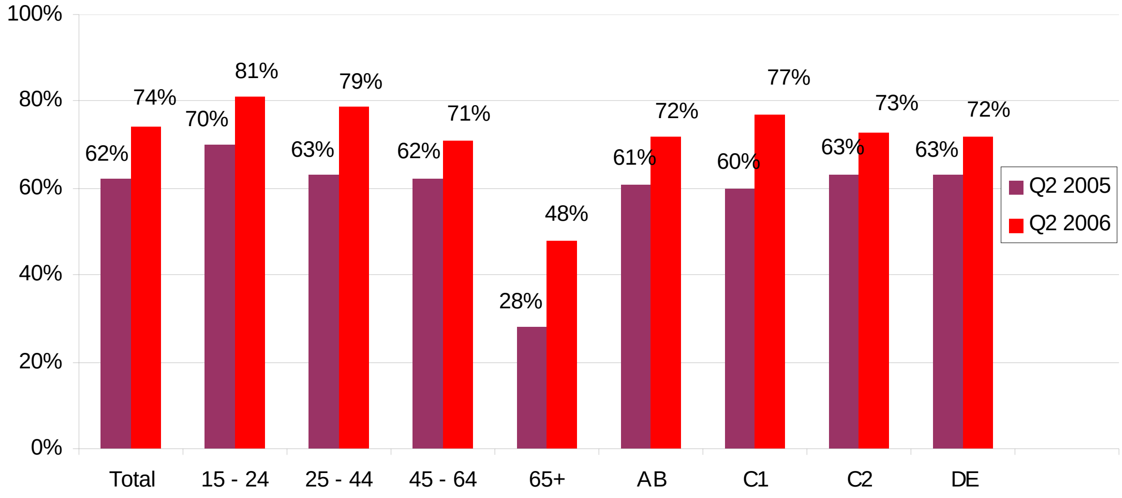
Figure 167: Income and disability profile of internet owners



Source: Ofcom Communications Tracking Survey, conducted by Ipsos-MORI. Q2 2005 base: 2241 and Q2 2006 base: 2439 UK adults.

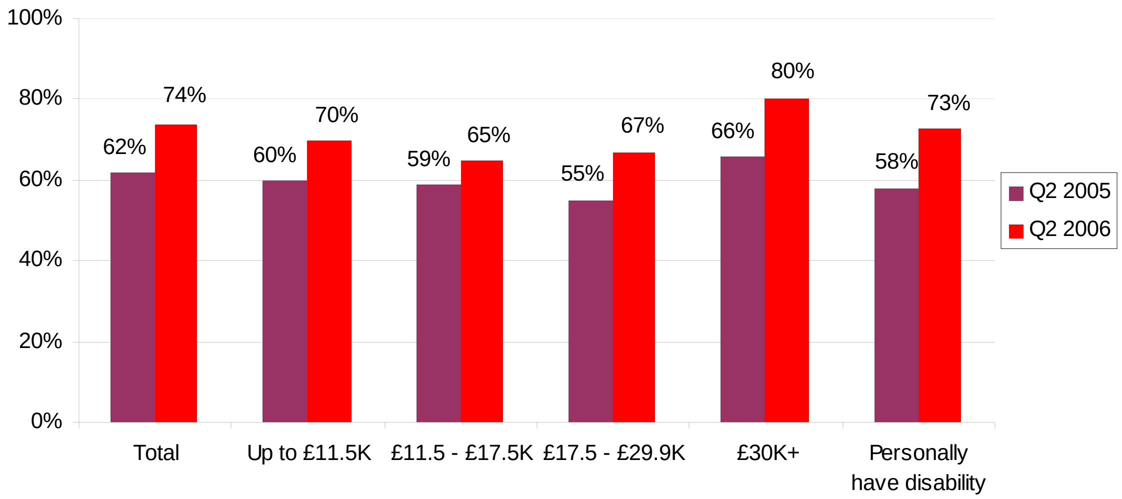
Profile of owners of broadband connections

Figure 168: Age and socio-economic profile of broadband owners



Source: Ofcom Communications Tracking Survey, conducted by Ipsos-MORI. Q2 2005 base: 2241 and Q2 2006 base: 2439 UK adults.

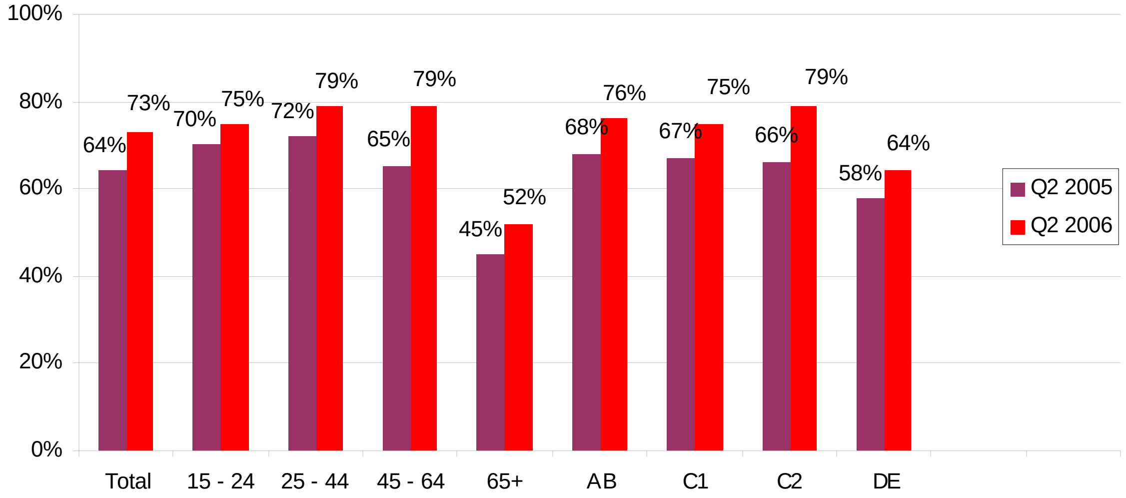
Figure 169: Income and disability profile of broadband owners



Source: Ofcom Communications Tracking Survey, conducted by Ipsos-MORI. Q2 2005 base: 2241 and Q2 2006 base: 2439 UK adults who have access to broadband at home.

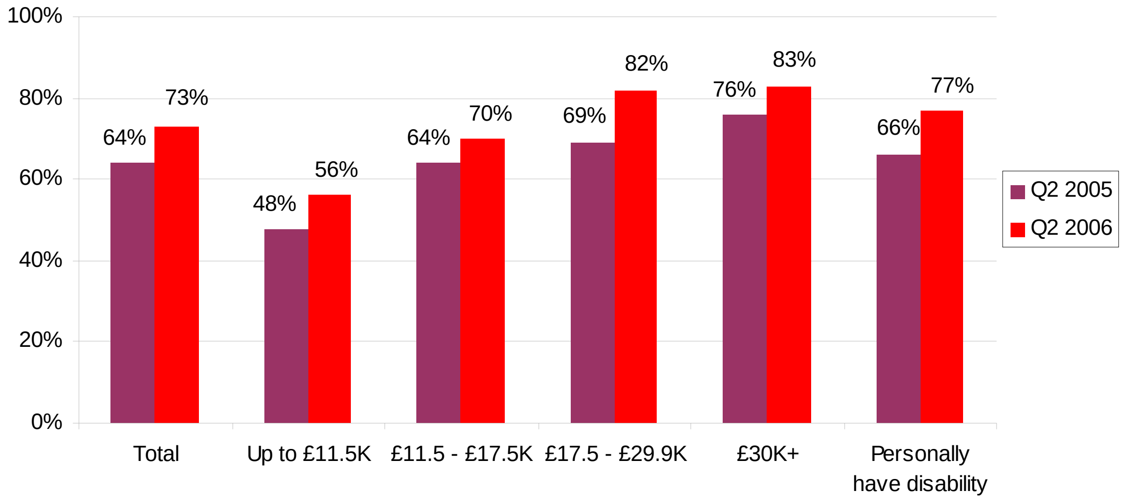
Profile of owners of digital TV services

Figure 170: Age and socio-economic profile of owners of digital TV services



Source: Ofcom Communications Tracking Survey, conducted by Ipsos-MORI. Q2 2005 base: 2241 and Q2 2006 base: 2439 UK adults.

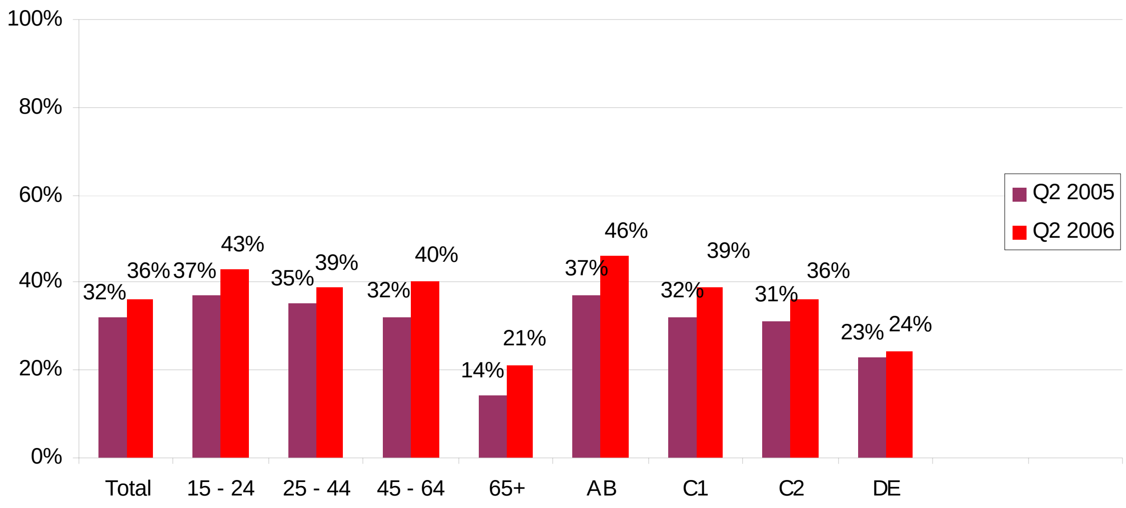
Figure 171: Income and disability profile of owners of digital TV services



Source: Ofcom Communications Tracking Survey, conducted by Ipsos- MORI. Q2 2005 base: 2241 and Q2 2006 base: 2439 UK adults.

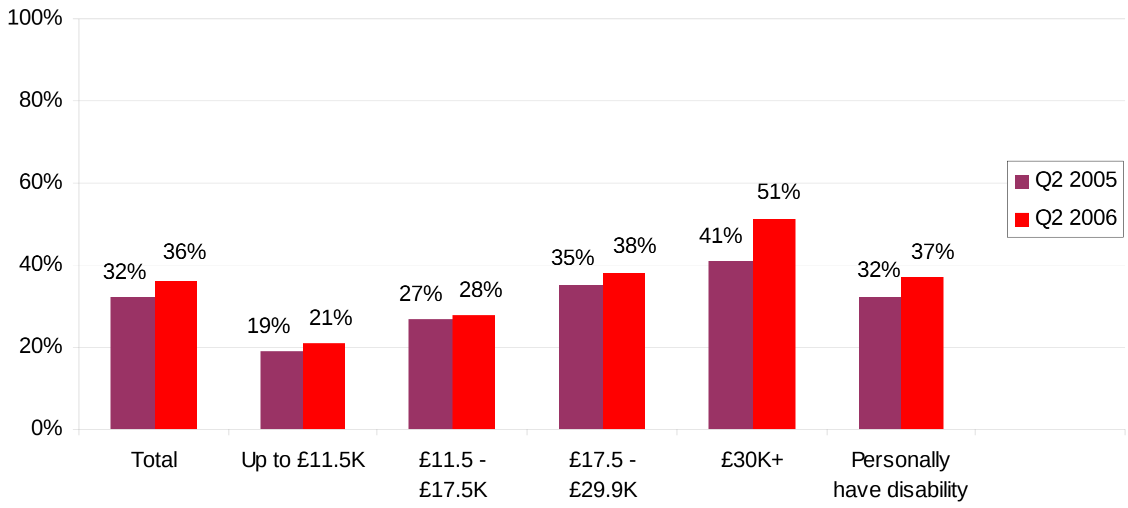
Profile of owners of digital radio services

Figure 172: Age and socio-economic profile of DAB radio owners



Source: Ofcom Communications Tracking Survey, conducted by Ipsos-MORI. Q2 2005 base: 677 and Q2 2006 base: 885 UK adults with DAB radio.

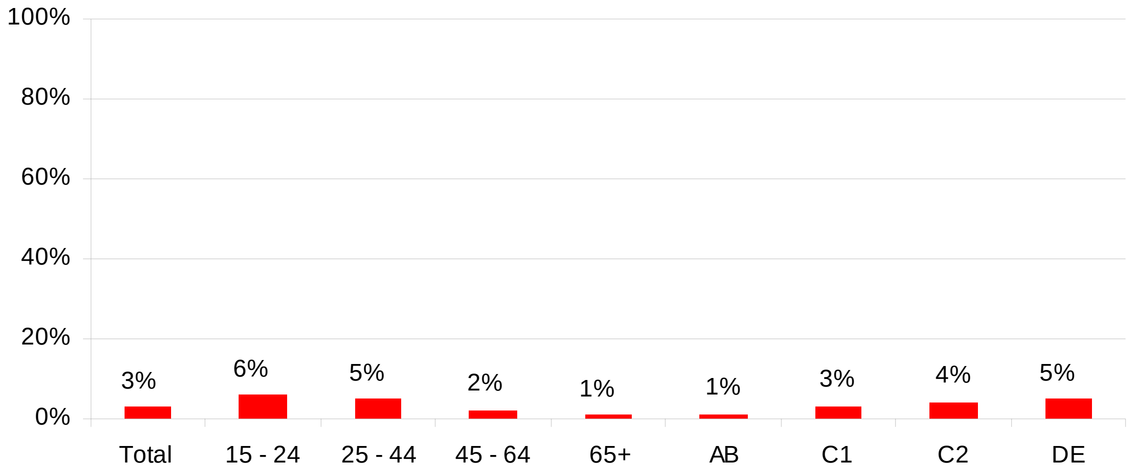
Figure 173: Income and disability profile of DAB radio owners



Source: Ofcom Communications Tracking Survey, conducted by Ipsos-MORI. Q2 2005 base: 677 and Q2 2006

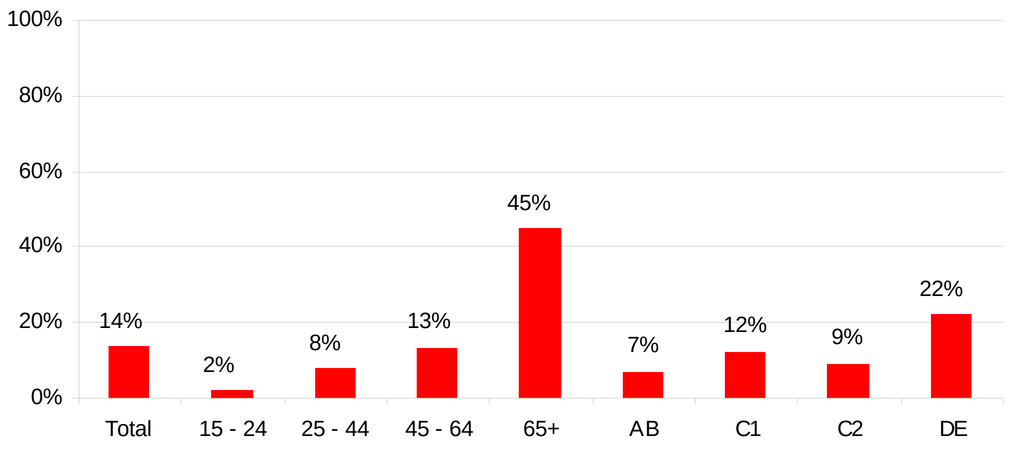
Profile of voluntary non-owners of communications services

Figure 174: Voluntary non-ownership of fixed lines by age and social grade



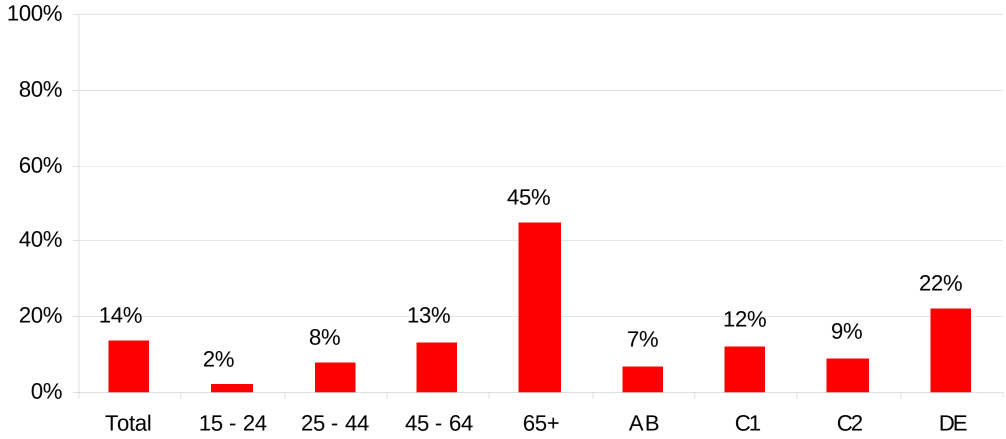
Source: Ofcom Consumer Panel Tracking Survey, conducted by saville rossiter-base. Base 2689 UK adults.

Figure 175: Voluntary non-ownership of mobiles by age and socio-economic group



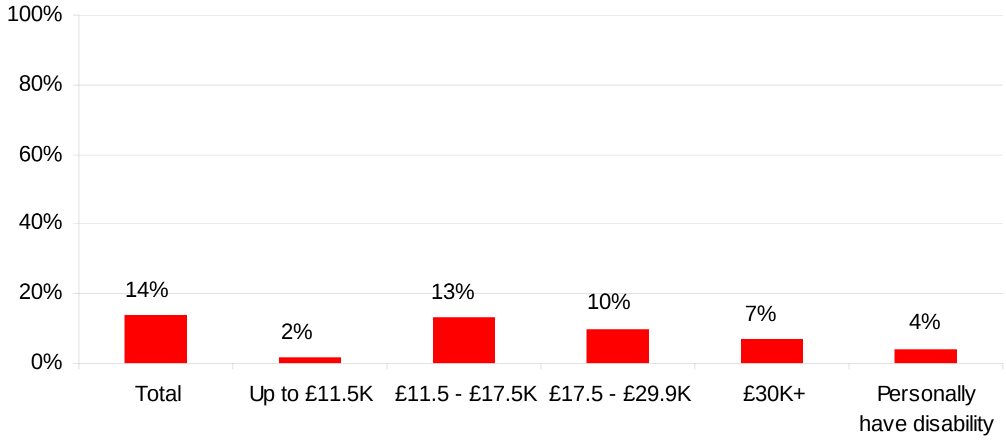
Source: Ofcom Consumer Panel Tracking Survey, conducted by saville rossiter-base. Base 2689 UK adults.

Figure 176: Voluntary non-ownership of mobiles by age and socio-economic group



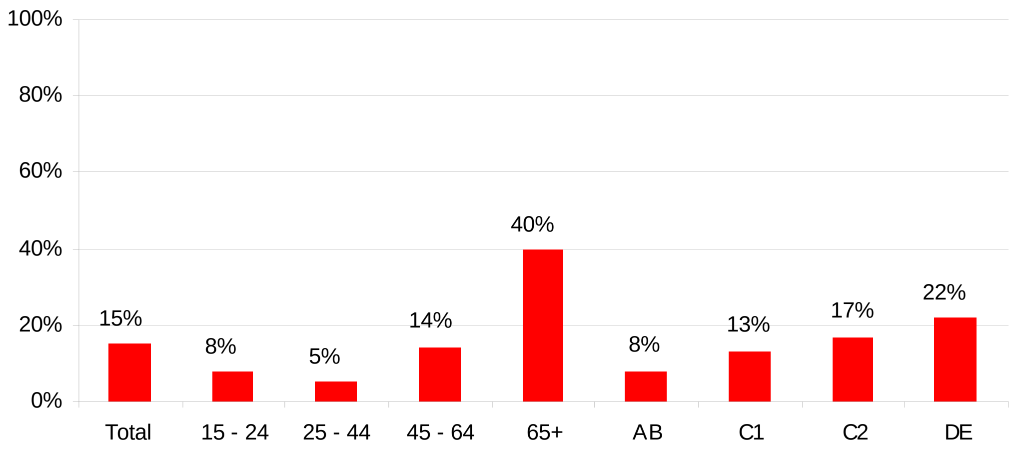
Source: Ofcom Consumer Panel Tracking Survey, conducted by saville rossiter-base. Base 2689 UK adults.

Figure 177: Voluntary non-ownership of mobiles by income and disability



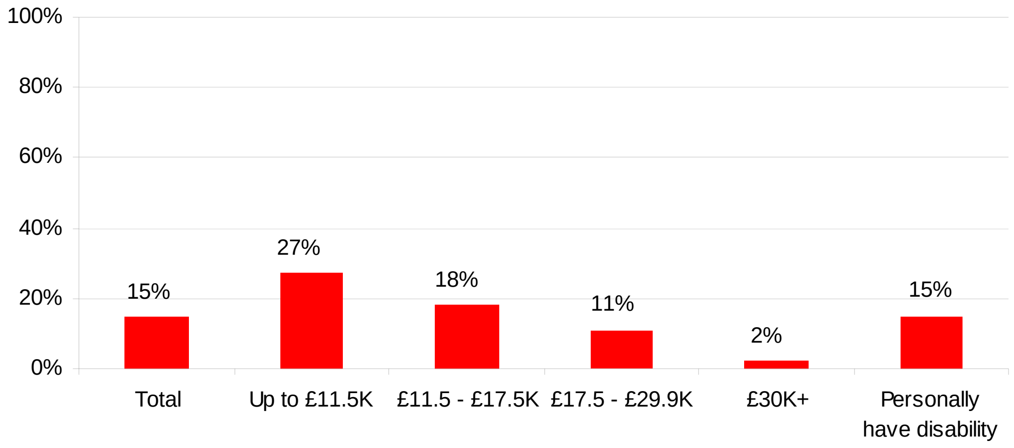
Source: Ofcom Consumer Panel Tracking Survey, conducted by saville rossiter-base. Base 2689 UK adults.

Figure 178: Voluntary non-ownership of internet by age and socio-economic group



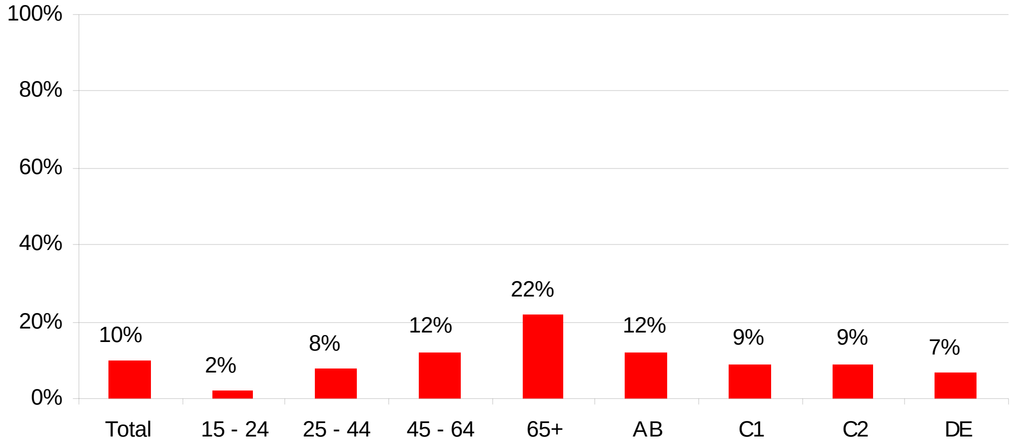
Source: Ofcom Communications Tracking Survey, conducted by Ipsos-MORI for (Q1 2006). Base: 2214 UK adults.

Figure 179: Voluntary non-ownership of internet by income and disability



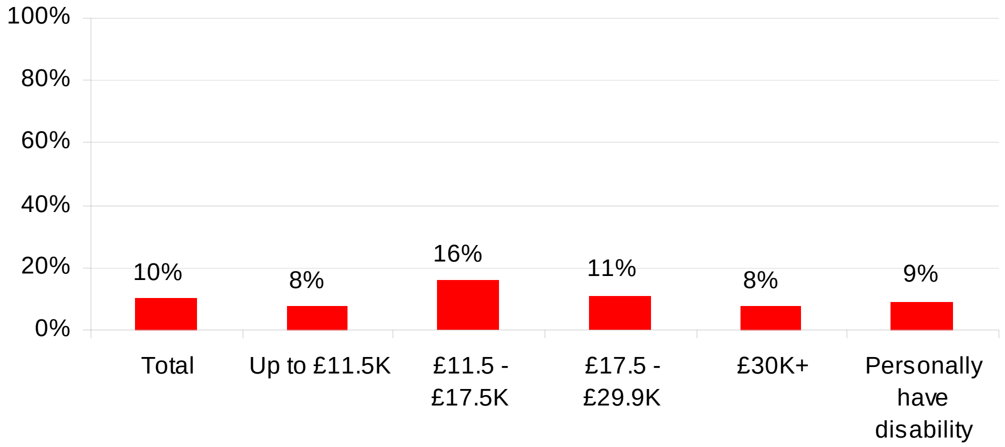
Source: Ofcom Communications Tracking Survey, conducted by Ipsos-MORI for (Q1 2006). Base: 2214 UK adults.

Figure 180: Voluntary non-ownership of broadband by age and socio-economic group



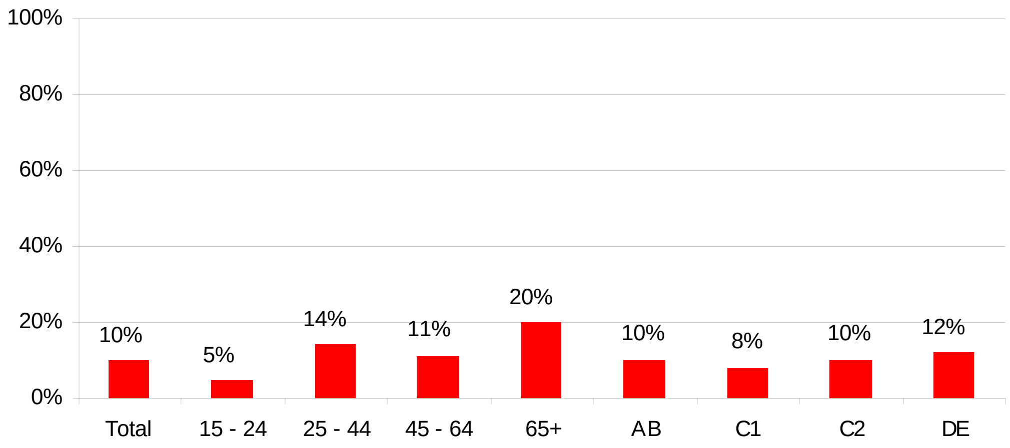
Source: Ofcom Communications Tracking Survey, conducted by Ipsos-MORI for (Q1 2006). Base: 1335 All internet users.

Figure 181: Voluntary non-ownership of broadband by income and disability



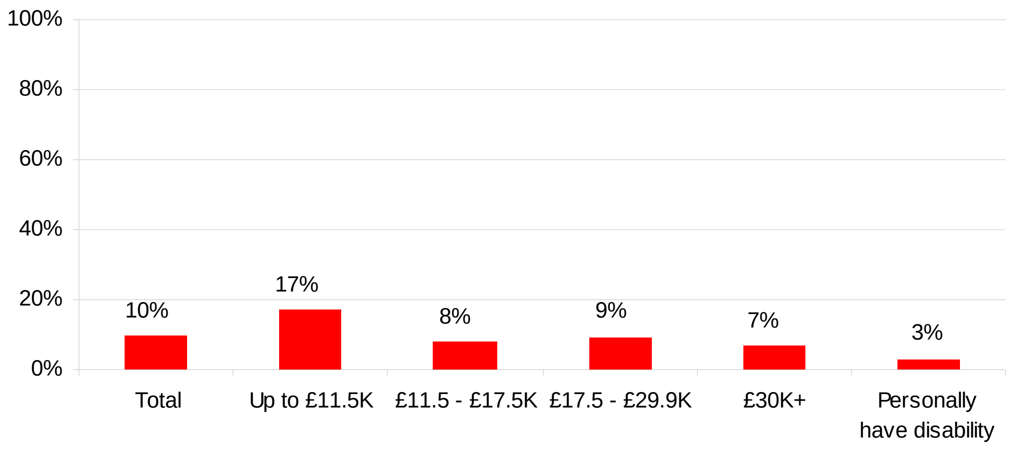
Source: Ofcom Communications Tracking Survey, conducted by Ipsos-MORI for (Q1 2006). Base: 1335 All internet users.

Figure 182: Voluntary non-ownership of digital TV services by age and socio-economic group



Source: Ofcom Consumer Panel Tracking Survey, conducted by saville rossiter-base for digital TV November 2005. Base 2689 UK adults.

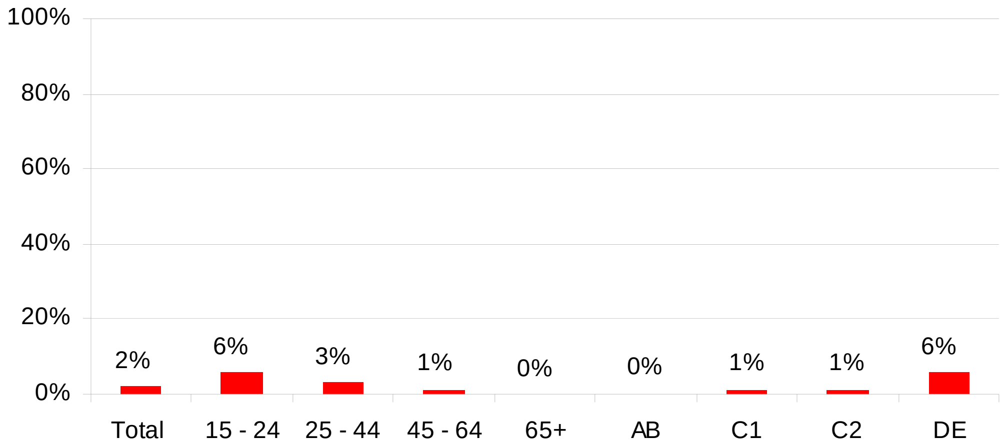
Figure 183: Voluntary non-ownership of digital TV services by income and disability



Source: Ofcom Consumer Panel Tracking Survey, conducted by saville rossiter-base for digital TV November 2005. Base 2689 UK adults.

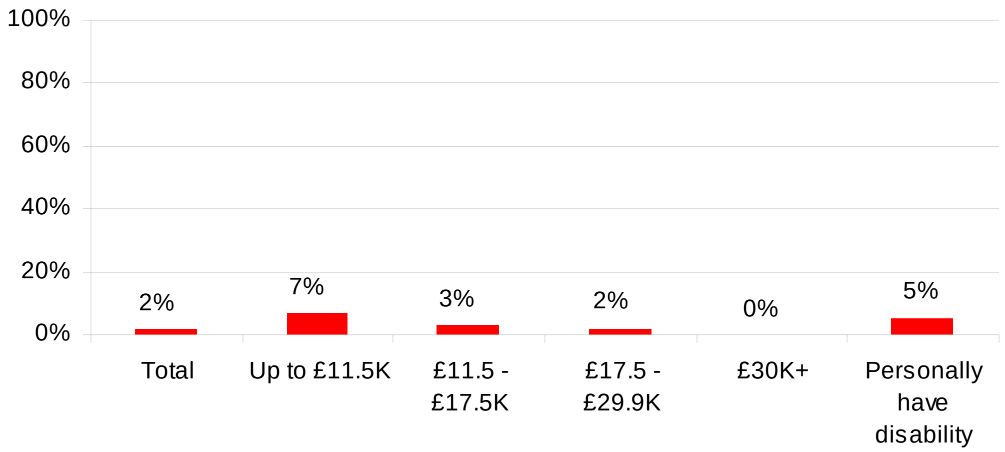
Profile of involuntary non-owners of communications services

Figure 184: Involuntary non-ownership of fixed lines by age and socio-economic group



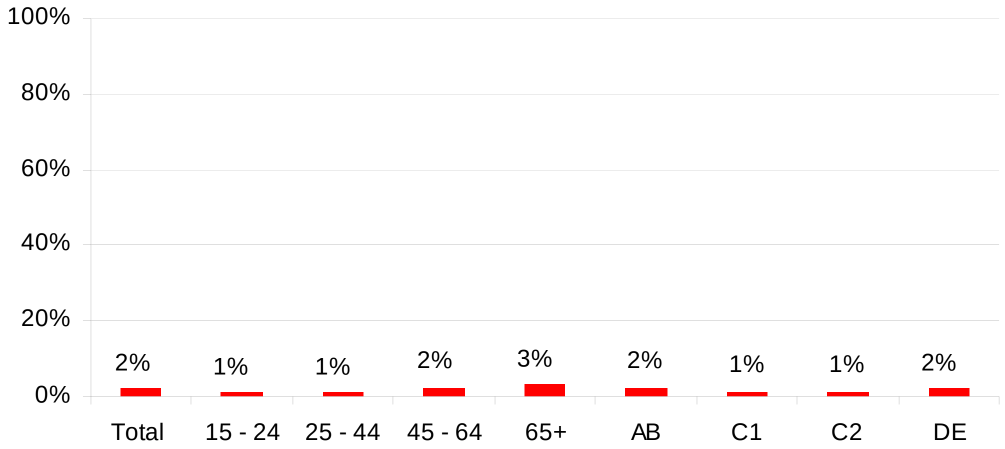
Source: Ofcom Communications Tracking Survey, conducted by Ipsos-MORI for (Q2 2006). Base: 2234 UK adults.

Figure 185: Involuntary non-ownership of fixed lines by income and disability



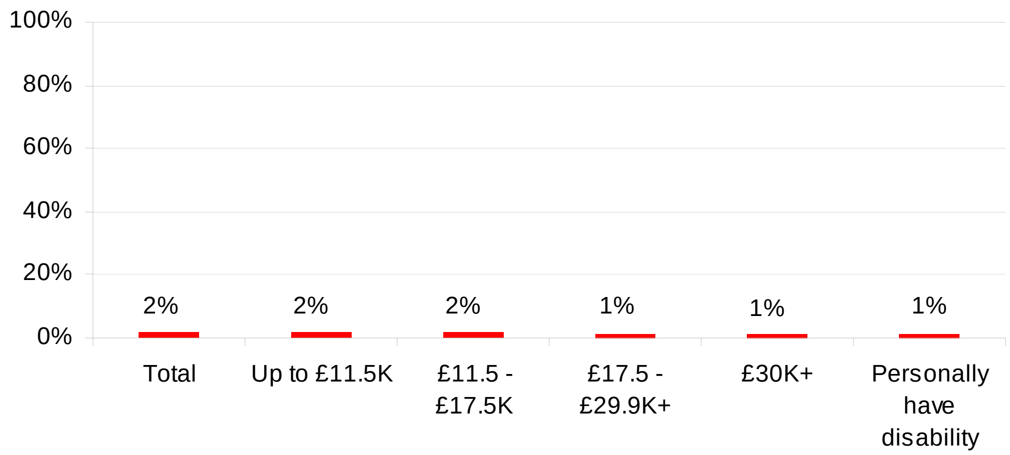
Source: Ofcom Communications Tracking Survey, conducted by Ipsos-MORI for (Q2 2006). Base: 2234 UK adults.

Figure 186: Involuntary non-ownership of mobiles by age and socio-economic group



Source: Ofcom Communications Tracking Survey, conducted by Ipsos-MORI for (Q2 2006). Base: 2439 UK adults.

Figure 187: Involuntary non-ownership of mobiles by income and disability



Source: Ofcom Consumer Panel Tracking Survey, conducted by saville rossiter-base. Base 2689 UK adults.

Figure 188: Involuntary non-ownership of digital TV by age and socio-economic group

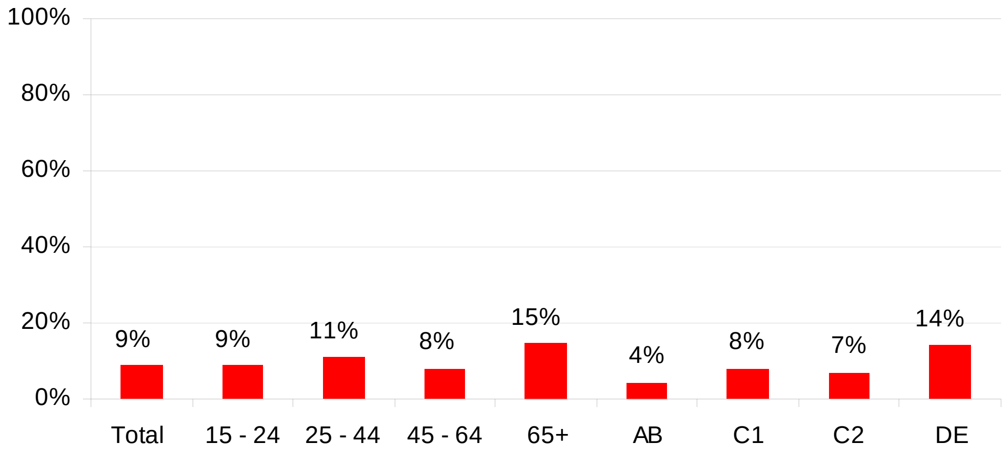
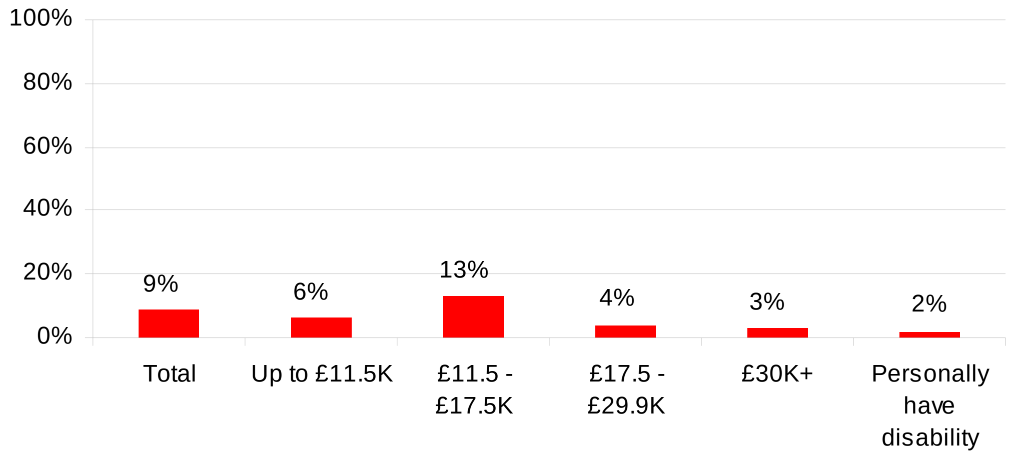
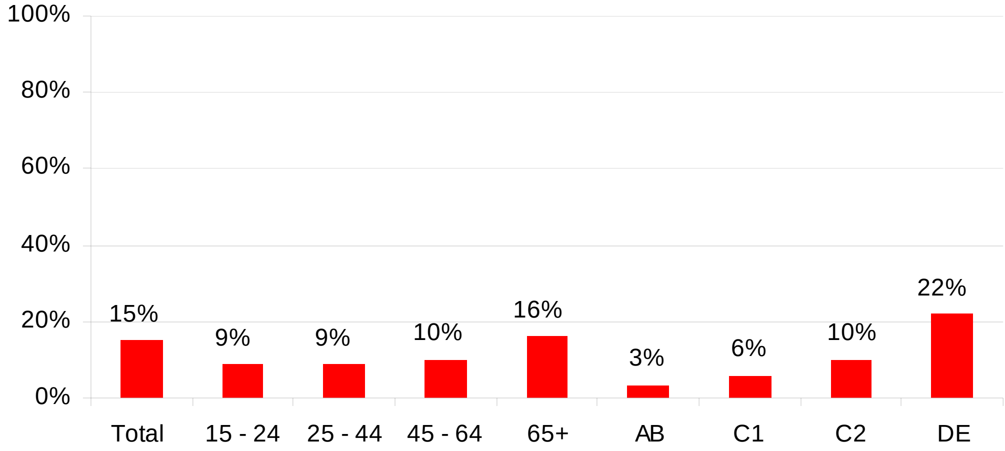


Figure 189: Involuntary non-ownership of digital TV services by income and disability



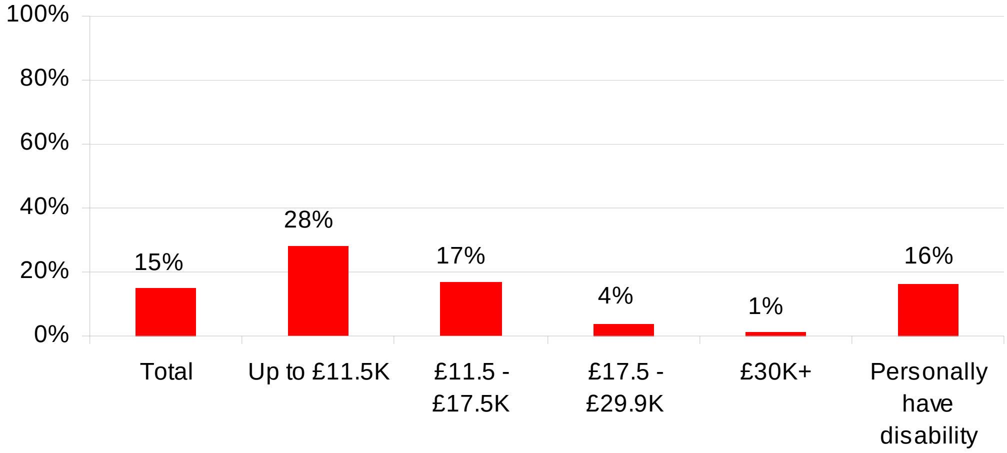
Source: Ofcom Consumer Panel Tracking Survey, conducted by saville rossiter-base for digital TV November 2005. Base 2689 UK adults.

Figure 190: Involuntary non-ownership of internet by age and socio-economic group



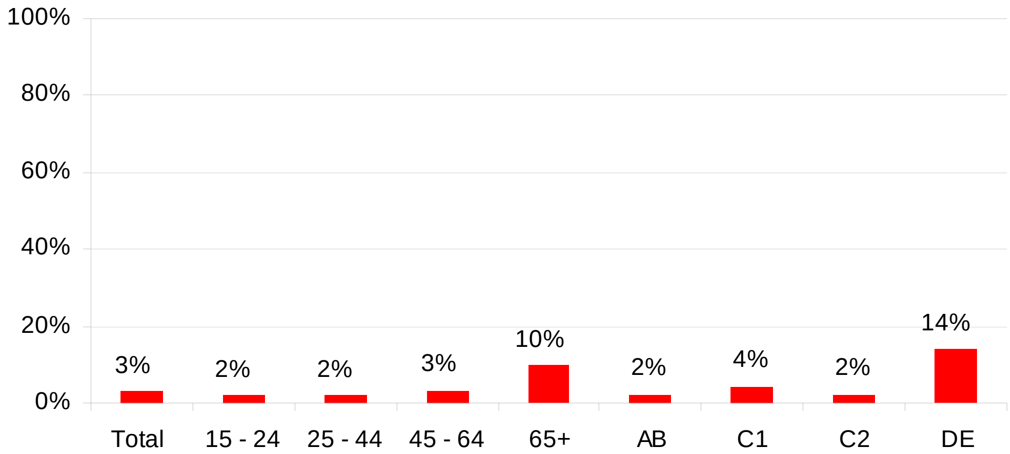
Source: Ofcom Communications Tracking Survey, conducted by Ipsos-MORI for (Q1 2006). Base: 2214 UK adults.

Figure 191: Involuntary non-ownership of internet by income and disability



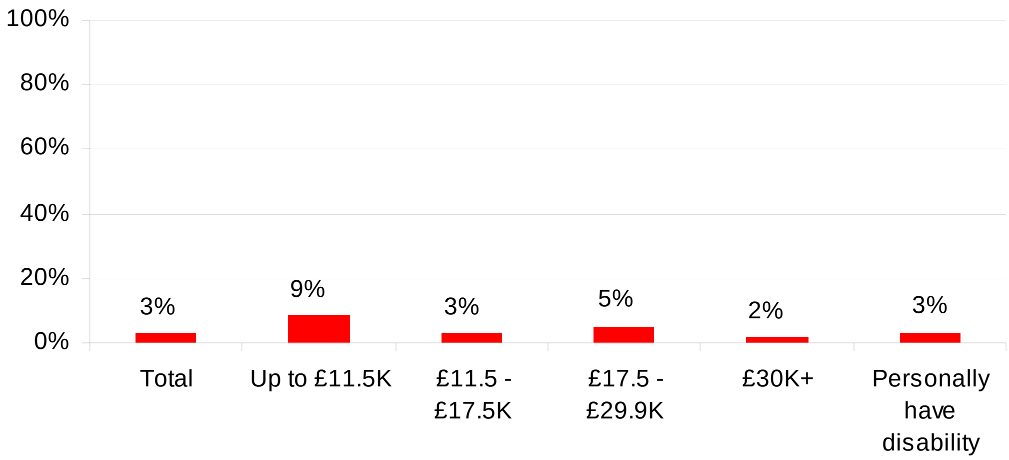
Source: Ofcom Communications Tracking Survey, conducted by Ipsos-MORI for (Q1 2006). Base: 2214 UK adults.

Figure 192: Involuntary ownership of broadband by age and socio-economic group



Source: Ofcom Communications Tracking Survey, conducted by Ipsos-MORI for (Q1 2006). Base: 1335 All internet users.

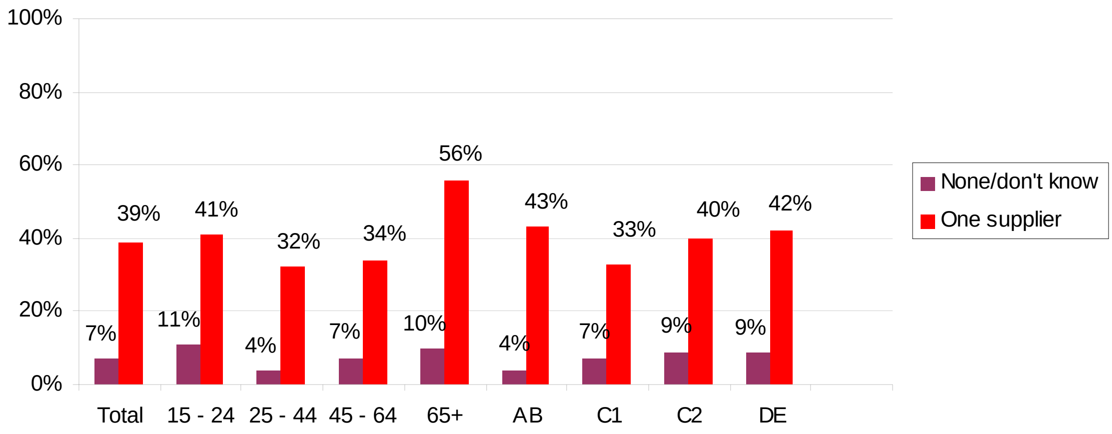
Figure 193: Involuntary non-ownership of broadband by income and disability



Source: Ofcom Communications Tracking Survey, conducted by Ipsos-MORI for (Q1 2006). Base: 1335 All internet users.

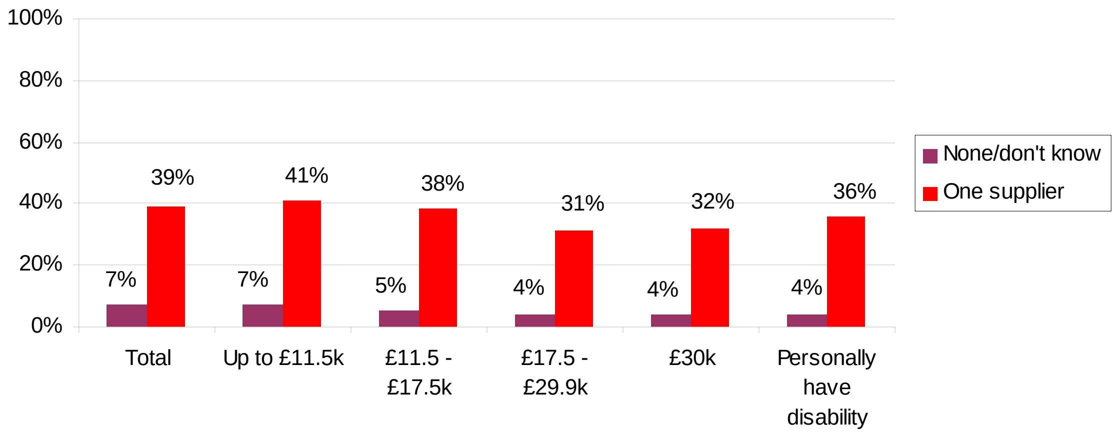
Awareness of fixed line suppliers by demographic groups

Figure 194: Spontaneous awareness of fixed line suppliers by age and socio-economic group



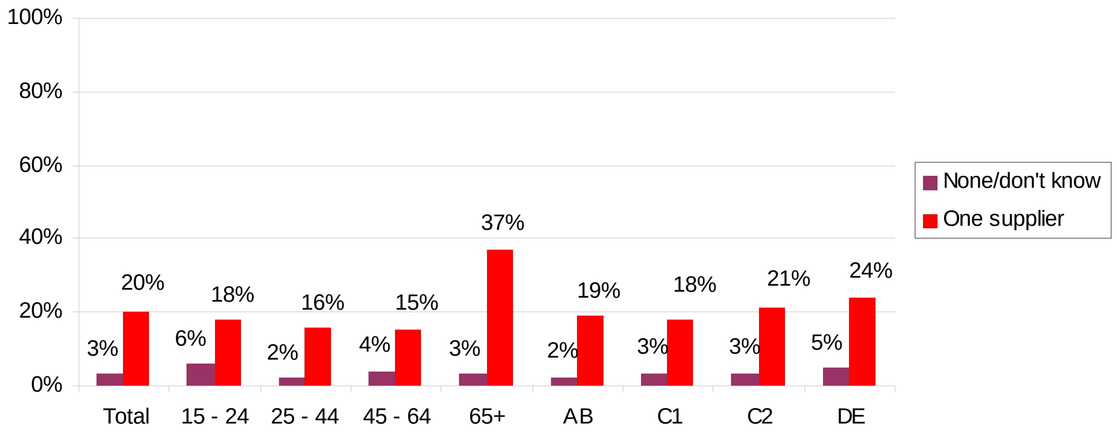
Source: Ofcom Communications Tracking Survey, conducted by Ipsos-MORI during Q2 2006. Base: 2074 UK adults with a fixed line.

Figure 195: Spontaneous awareness of fixed line suppliers by income and disability



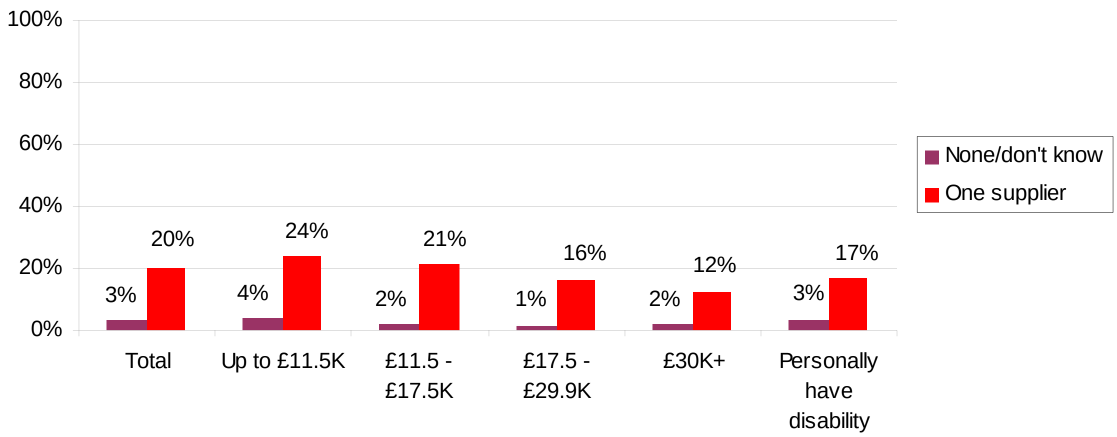
Source: Ofcom Communications Tracking Survey, conducted by Ipsos-MORI during Q2 2006. Base: 2074 UK adults with a fixed line.

Figure 196: Prompted awareness of fixed line suppliers by age and socio-economic group



Source: Ofcom Communications Tracking Survey, conducted by Ipsos-MORI during Q2 2006. Base: 2074 UK adults with a fixed line.

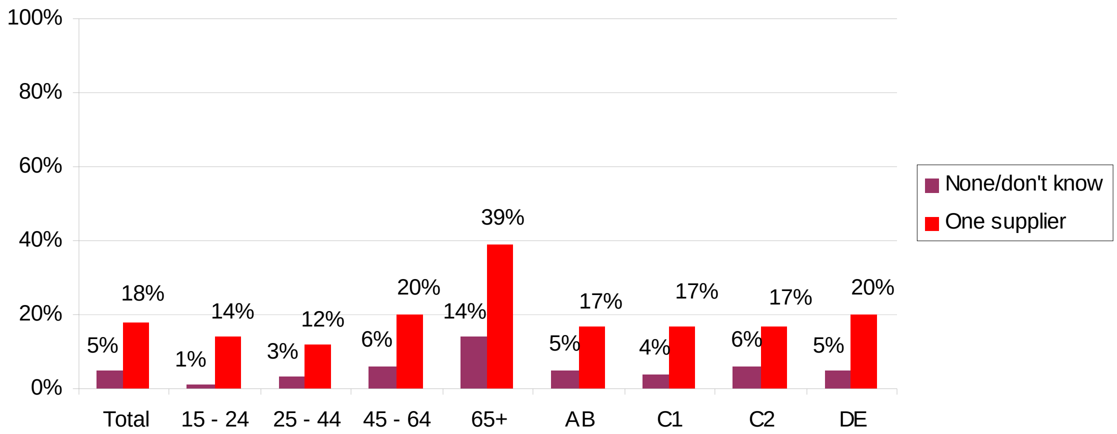
Figure 197: Prompted awareness of fixed line suppliers by income and disability



Source: Ofcom Communications Tracking Survey, conducted by Ipsos-MORI during Q2 2006. Base: 2074 UK adults with a fixed line.

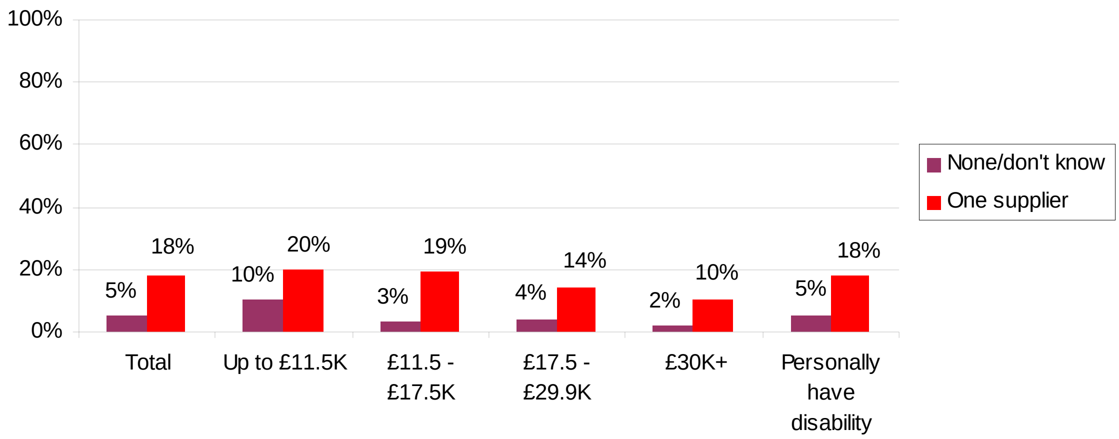
Awareness of mobile suppliers by demographic groups

Figure 198: Spontaneous awareness of mobile suppliers by age and socio-economic group



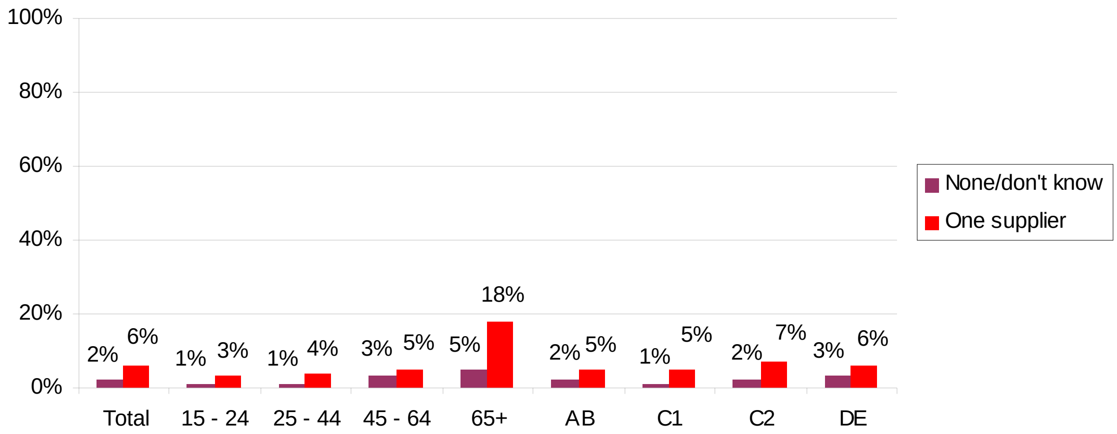
Source: Ofcom Communications Tracking Survey, conducted by Ipsos-MORI during Q2 2006. Base: 1696 UK adults with a mobile.

Figure 199: Spontaneous awareness of mobile suppliers by income and disability



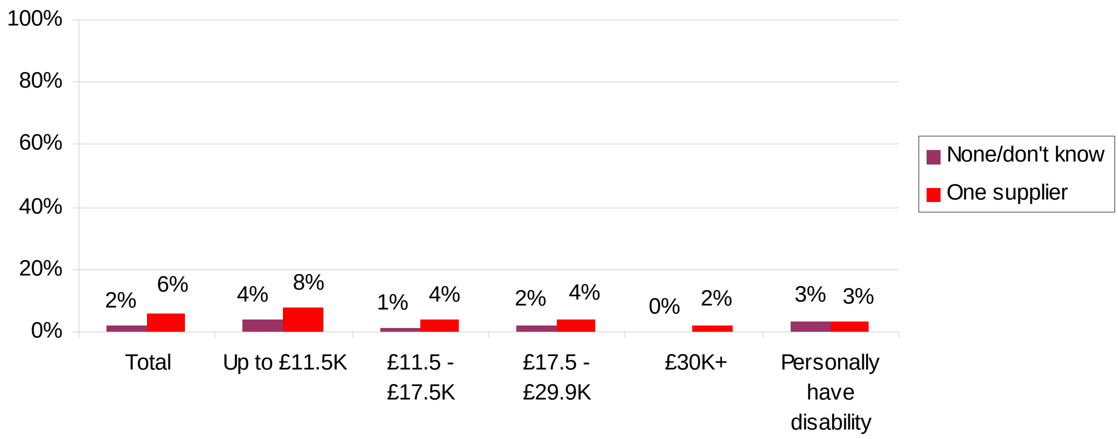
Source: Ofcom Communications Tracking Survey, conducted by Ipsos-MORI during Q2 2006. Base: 1696 UK adults with a mobile.

Figure 200: Prompted awareness of mobile suppliers by age and socio-economic group



Source: Ofcom Communications Tracking Survey, conducted by Ipsos-MORI during Q2 2006. Base: 1696 UK adults with a mobile.

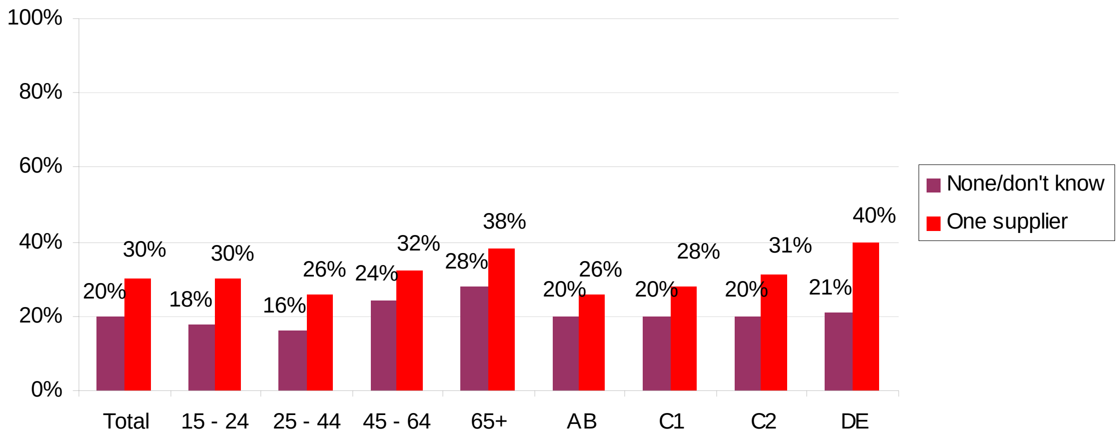
Figure 201: Prompted awareness of mobile suppliers by income and disability



Source: Ofcom Communications Tracking Survey, conducted by Ipsos-MORI during Q2 2006. Base: 1696 UK adults with a mobile.

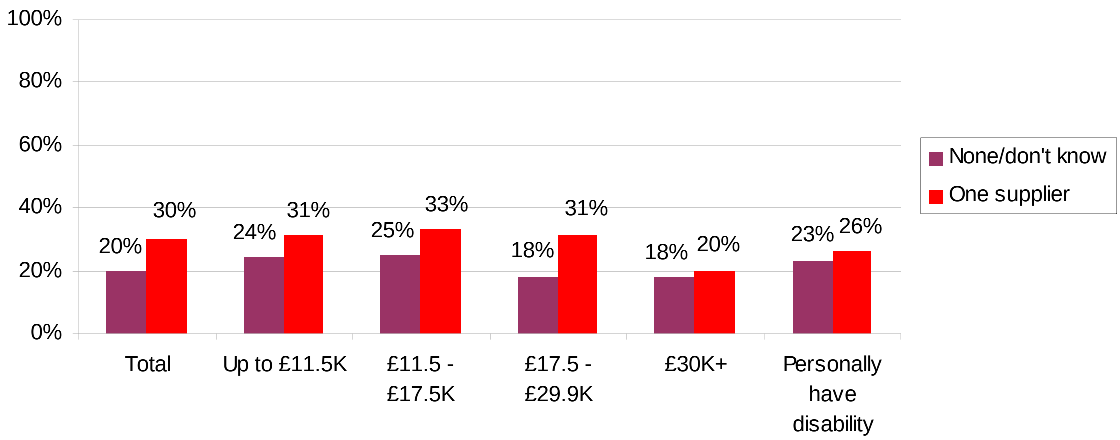
Awareness of narrowband suppliers by demographic groups

Figure 202: Spontaneous awareness of narrowband suppliers by age and socio-economic groups



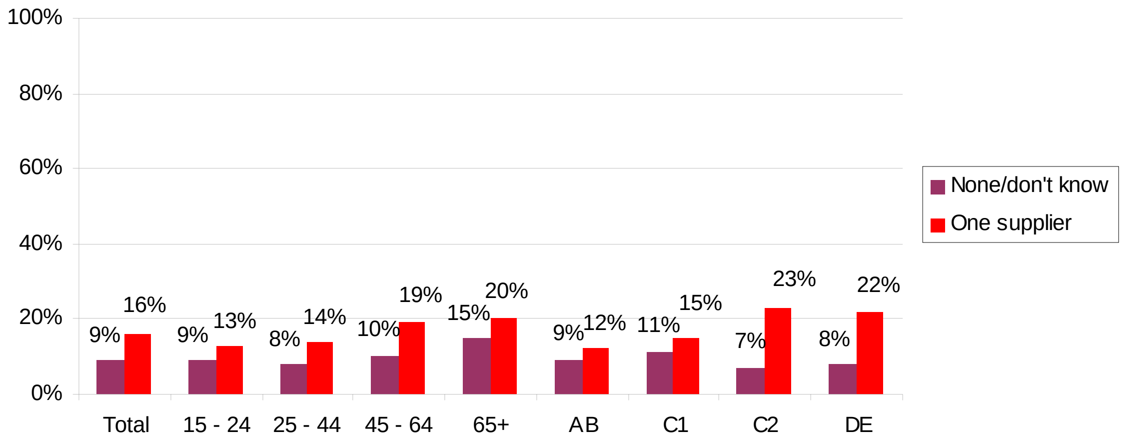
Source: Ofcom Communications Tracking Survey, conducted by Ipsos-MORI during Q2 2006. Base: 1267 UK adults with the internet.

Figure 202: Spontaneous awareness of narrowband suppliers by income and disability



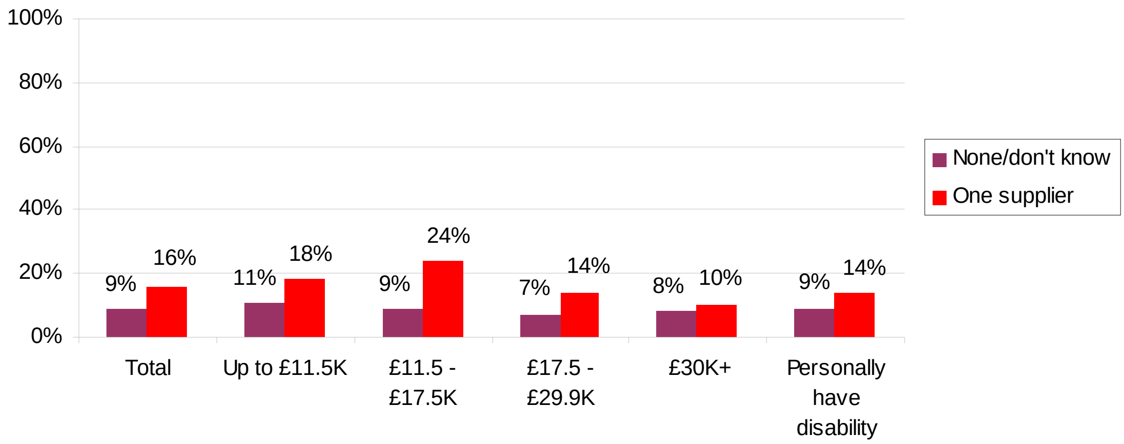
Source: Ofcom Communications Tracking Survey, conducted by Ipsos-MORI during Q2 2006. Base: 1267 UK adults with the internet.

Figure 203: Prompted awareness of narrowband suppliers by age and socio-economic groups



Source: Ofcom Communications Tracking Survey, conducted by Ipsos-MORI during Q2 2006. Base: 1267 UK adults with the internet.

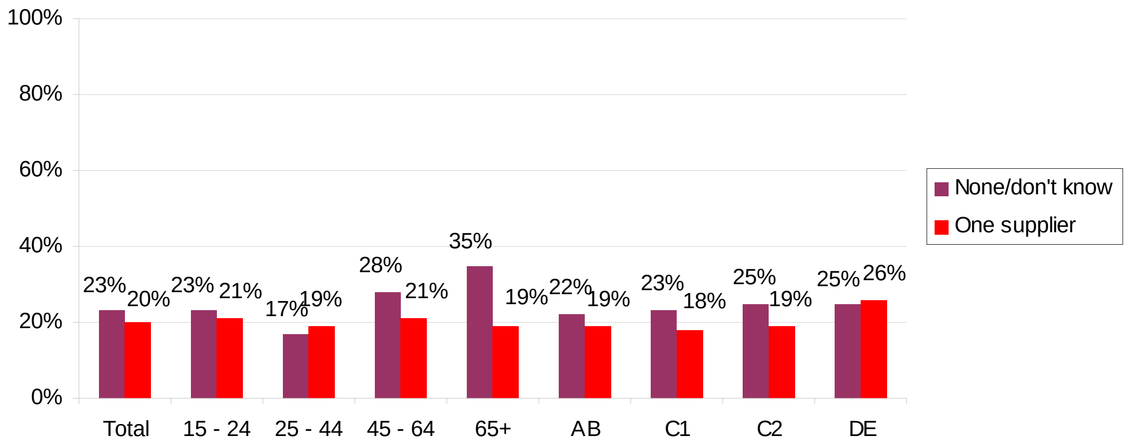
Figure 204: Prompted awareness of narrowband suppliers by income and disability



Source: Ofcom Communications Tracking Survey, conducted by Ipsos-MORI during Q2 2006. Base: 1267 UK adults with the internet.

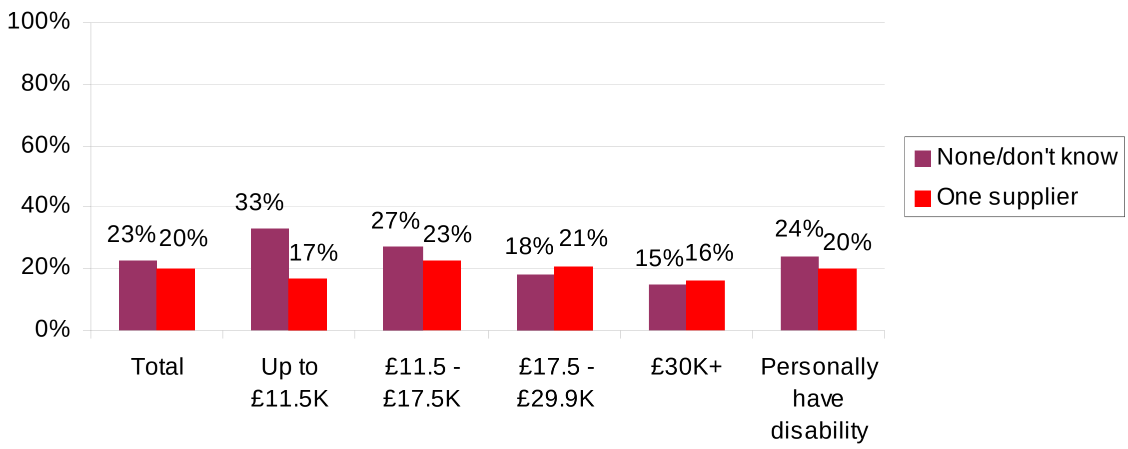
Awareness of broadband suppliers by demographic groups

Figure 205: Spontaneous awareness of broadband suppliers by age and socio-economic groups



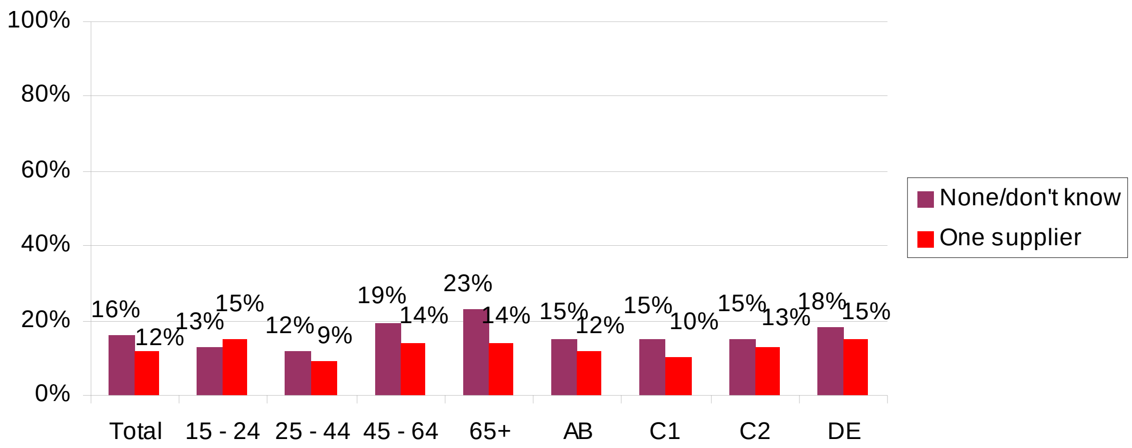
Source: Ofcom Communications Tracking Survey, conducted by Ipsos-MORI during Q2 2006. Base: 1267 UK adults with the internet.

Figure 206: Spontaneous awareness of broadband suppliers by income and disability



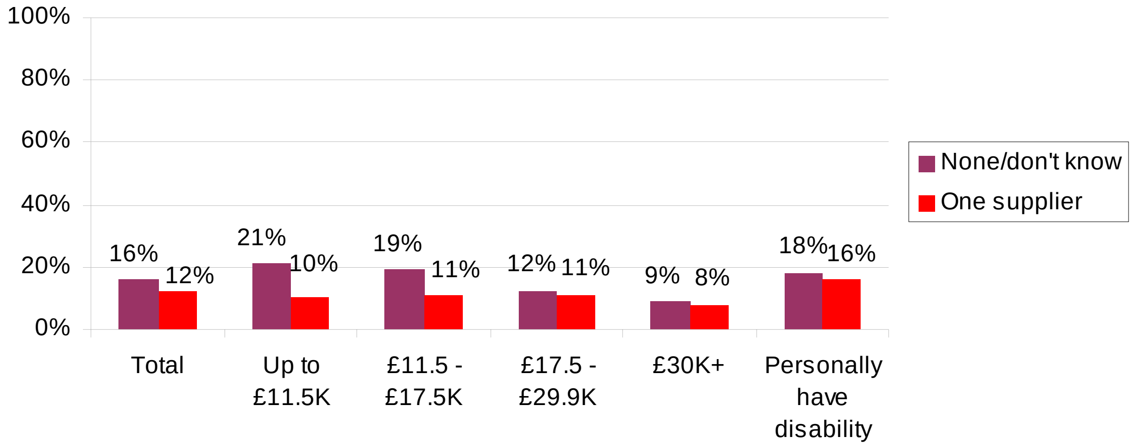
Source: Ofcom Communications Tracking Survey, conducted by Ipsos-MORI during Q2 2006. Base: 1267 UK adults with the internet.

Figure 207: Prompted awareness of broadband suppliers by age and socio-economic groups



Source: Ofcom Communications Tracking Survey, conducted by Ipsos-MORI during Q2 2006. Base: 1267 UK adults with the internet.

Figure 208: Prompted awareness of broadband suppliers by income and disability



Source: Ofcom Communications Tracking Survey, conducted by Ipsos-MORI during Q2 2006. Base: 1267 UK adults with the internet.

Annex 3

Glossary of terms and definitions

2G Second generation of mobile telephone systems using digital encoding. 2G networks support voice, low speed data communications, and short messaging services.

3G Third generation of mobile systems. Provide high-speed data transmission and supporting multimedia applications such as full-motion video, video-conferencing and Internet access.

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 copper line to send high bandwidths in one direction and lesser bandwidth in the other.

BARB Broadcasters' Audience Research Board The pan-industry body which measures television viewing

Broadband A service or connection generally defined as being "always on" which provide the end-user with high data transfer speeds and a bandwidth greater than 512 kbit/s

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

C2DE The aggregate of socio-economic groups C2, D and E (see SEG)

Communications Act 2003 An Act of Parliament that gave Ofcom its full powers

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 Where the speed of broadband may be affected by the number accessing the internet from the same exchange

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. The brand name for the technology by which terrestrial Digital Radio multiplex services are broadcast in the UK

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. Process of converting from analogue to digital television

DTI Department of Trade and Industry

DTT Digital Terrestrial Television

DTV Digital Television

Free to Air Digital Television allowing access to free to view digital channels, without subscribing to a digital package

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

GOR Government Office Region. The highest level of sub-national government in England; the nine GORs were created in 1994

HFC Hybrid Fibre Coaxial. A technology by which telecommunications networks incorporate both optical fibre and coaxial cable to create a broadband network

ICSTIS Independent Committee for the Supervision of Standards of Telephone Information Services

Internet A global network of networks, using a common set of standards

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

Kbit/s Kilo bits per second (1,000 bits per second). A unit of measurement of data transmission speed

LLU Local Loop Unbundling. A process by which BT's exchange lines are physically disconnected from BT's network and connected to other operators' networks. This enables operators other than BT to use the BT local loop to provide services to customers.

Local Loop The access network connection between the customer's premises and the local PSTN exchange, usually a loop comprised of two copper wire

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

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

Multichannel 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).

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 Service or connection allowing only a limited amount of information to be conveyed, such as for analogue telephone line, or via ISD. This compares with broadband which allows a considerable amount of information to be conveyed.

OCC Ofcom Contact Centre

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

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

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

RDA Regional Development Agency. A public body established for the purpose of development, primarily economic, of one of England's Government Office Regions (see GOR)

Silent call Telephone call generated by a dialler which does not have an agent immediately available to handle the call

Slamming Unauthorized switching of a customer's phone service to another carrier

SME Small or Medium sized Enterprise

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 The amount of data a subscription allows the consumer to download

USO Universal Service Obligation. This is a series of requirements, currently upon BT and Kingston Communications, to provide every household in the UK with access to a landline telephone

VMNO Virtual mobile network operators

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