Section 3
Changing use of communications

Introduction

Over the past few years there have been many changes within the communications market in terms of the availability and pricing of services and devices. This has had an impact not only on take-up but also on consumers’ use and experience of communications services.

In this section we look at the changing use of communications, including postal services, in order to set the context for the rest of the report. We explore how use is affected by the growth in ownership of new devices, as they become more affordable and mainstream. Alongside this, Ofcom conducted analysis designed to segment consumers in the communications market according to their attitudes towards, and engagement with, communications technology and services. This analysis provides a unique way in which to view and understand consumers in this market.

Consumers’ changing use of communications services is important to bear in mind throughout this report, as it is likely to influence factors such as the propensity to switch, and it may raise issues for consumer protection, either among the general population or particular demographic groups.

Key trends

- Tablets and smartphones continue to see rapid growth in take-up. Take-up of smartphones has continued to increase rapidly over the past year, with over half of all adults now claiming to own one (56%). Take-up of tablet computers has more than doubled over the year, rising from 12% in 2012 to 29% in 2013.

- Just over half of consumers now report accessing the internet on their mobile. Fifty-three per cent said they personally used their mobile phone to access the internet (up from 49% in 2012). Take-up of mobile broadband via a dongle (or built-in connectivity in a laptop, netbook or tablet) has fallen for the past two years, from 17% in 2011 to 12% in 2012 and 8% in 2013.

- Superfast connections almost tripled over the past year. Between Q1 2012 and Q1 2013 take-up of non-corporate superfast broadband connections increased; from 6.5% of all broadband connections to 17.5%.

- Half of all internet users say their laptop is their most important device for connecting to the internet. Forty-six per cent of internet users chose their laptop as the most important device to connect to the internet, followed by the desktop PC (28%). Among smartphone users, 23% cited this as the most important device, although laptops remained the most popular (43%). Among tablet owners, the preference for laptops drops significantly, with similar proportions citing laptops (34%) and tablets (32%) as their most important device for connecting to the internet.

- Eight in ten consumers are aware of VoIP services – although only three in ten use the service. Awareness of VoIP rose in 2013 to 83%, from 78% in 2012. Use of the service also continued to rise - with just over three in ten (31%) claiming to currently use VoIP; this is three times the level of take-up in 2008 (10%).
• A quarter of adults (24%) claimed that their use of post had decreased in the past two years, with two thirds claiming to replace some post with email. The second most common method was text messaging, with just over a quarter of adults (27%) using this method instead of post.

3.0.1 Tablets and smartphones continue to see rapid growth in take-up

Figure 1 shows take-up of a range of communications devices over recent years. Take-up of smartphones has continued to increase rapidly over the past year, with over half of all adults now claiming to own one (56%). However, as discussed in Section 5, take-up varies significantly by age; just over four-fifths of participants (82%) aged 16-24 reported having a smartphone, compared to 17% of those aged 65-74 and 4% of those aged 75+.

Household take-up of tablet computers (such as the iPad or Google Nexus) has more than doubled over the past year, rising from 12% in Q2 2012 to 29% in Q2 2013. A majority of this growth was over the Christmas period, with take-up rising eight percentage points between Q4 2012 and Q1 2013.

3.0.2 Half of consumers now report accessing the internet on their mobile

As the proportion of households with access to the internet steadily rises (82% in Q2 2013), the ways people are connecting continues to change. Figure 2 below shows that, in Q2 2013, half of participants (53%) said they personally used their mobile phone to access the internet (up from 42% in Q1 2012), driven by growth in the smartphone market. Almost all UK adults who have mobile phone internet access also have access via fixed broadband. Only 4% of UK adults reported that their household’s only means of internet access was a smartphone.

Conversely, take-up of mobile broadband via a dongle (or built-in connectivity in a laptop, netbook or tablet) has fallen for the past two years, from 17% in 2011 to 13% in 2012 to 8% in 2013.
Total broadband take-up remained stable and at Q2 2013 stood at 78% of UK households. This figure includes households with fixed and/or mobile broadband connections, but excludes access via a mobile handset.

The proportion of households with fixed telephony and mobile telephony also remained stable, at 84% and 95% respectively, with 16% being ‘mobile-only’ homes. Personal use of a mobile phone stood at 93% in Q2 2013.

**Figure 2** Household take-up of communications services

Source: Ofcom research, data as at Q1 2007-2012; Q2 2013 (mobile data user Q1 2013)
Base: All adults aged 16+

3.0.3 Superfast connections almost tripled over the past year

Figure 3 shows that at the end of March 2013 there were around 3.8 million UK residential and small to medium sized enterprise (SME) superfast broadband connections, two and a half times more than there had been a year previously (1.4 million). Over the same period the proportion of all non-corporate broadband connections that were superfast almost tripled, increasing to 17.5%, although we expect this growth to slow as Virgin Media has now completed its ‘double-speeds’ upgrade programme, which doubled the speeds provided by most of its cable broadband connections.
3.0.4 Half of all internet users say their laptop is the most important device used to connect to the web

Ofcom’s Communications Market Report 2013\(^\text{15}\) reported that when participants were asked which was their most important device for connecting to the internet (at home or elsewhere), almost half (46%) of internet users chose their laptop. The laptop was the most popular response, followed by the desktop PC, cited by 28% of participants.

However, newer devices such as smartphones and tablets are having an impact on consumers’ preferences. Among smartphone users, 23% cited their smartphone as their most important device for connecting to the internet, although laptops remained the most popular response (43%). Among tablet owners, the preference for laptops drops significantly, with similar proportions citing laptops and tablets as their most important device for connecting to the internet (34% and 32% respectively).

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\(^{15}\) [http://stakeholders.ofcom.org.uk/binaries/research/cmr/cmr13/2013_UK_CMR.pdf](http://stakeholders.ofcom.org.uk/binaries/research/cmr/cmr13/2013_UK_CMR.pdf)
3.0.5 Eight in ten consumers are aware of VoIP services – and just over three in ten use the service

VoIP is an alternative to fixed-line voice communication. In some countries VoIP is already having an impact on use of fixed voice telephony. Due to methodological changes in 2009 please view 2008 data as indicative only.

Figure 5 shows that awareness and current use of VoIP services both continued to rise in the UK in 2013. Awareness of the ability to make voice calls over the internet rose significantly, to just over eight in ten (83% vs. 78% in 2012). Four in ten (40%) adults said they had access to VoIP services at home – with 31% of adults saying they currently used them - three times the level reported in 2008 (10%).

Adults aged 16-44 years, ABC1s and those working continue to drive awareness. Over-65s remain least likely to be aware of the service (54% vs. 83% of all adults). Younger age groups, males, ABC1s and those with children in the household are driving access to VoIP, with those in socio-economic group AB driving current use.
3.0.6 Two in three consumers are substituting post with email

A quarter of adults (24%) claimed their use of post had decreased in the past two years (Figure 65). Of this group of people, 45% stated they were sending fewer personal letters, and just under two in five claimed to send fewer formal letters to organisations and individuals (38%), and invitations, greetings and postcards (37%).

Among those who stated they used post less than two years ago, for all except those over 75 the most popular method of replacement was email, with two-thirds (66%) consumers claiming they were most likely to use email instead.

Replacement of post with email is highest among 35 – 44s (83%) and declines sharply among over-55s: 64% of those aged 55-64 say they use email as an alternative to post, this drops to under one in two (47%) of 65 -74s and to just under one in seven (14%) of over-75s. The replacing of post with landline telephone calls (36%) was most popular among those over 75.

Among the other services consumers stated they used to replace post, text messages were the second most common method across the majority of age groups interviewed, with just over a quarter of adults (27%) using this method.
Figure 6  Communication methods used instead of post, by age and gender

Source: Ofcom post tracking survey
Base: All who say the number of items sent by post has decreased compared to two years ago (1184)
QC13: As your use of post has decreased compared to two years ago, which, if any of these forms of communication are you using more often instead of post?

Across all socio-economic groups, consumers were most likely to replace the use of post with email. However, DEs (43%) were the least likely to use email as an alternative to post.

Figure 7  Communication methods used instead of post, by socio-economic group and urbanity

Source: Ofcom post tracking survey
Base: All who say the number of items sent by post has decreased compared to two years ago (1184)
QC13: As your use of post has decreased compared to two years ago, which, if any of these forms of communication are you using more often instead of post?
Section 4

Consumer segmentation

Introduction

In 2013 Ofcom conducted a segmentation exercise to understand the latest changes in technology use and UK consumers’ engagement with digital communications services. In 2006 Ofcom conducted a similar segmentation exercise\textsuperscript{16} and, at that time, one of the main differences between segments was the ownership of communications devices; for example, mobile phone ownership and digital TV distinguished the groups. Our 2013 segmentation found widespread device ownership across most segments, so today consumers appear to be differentiated less by which devices they have access to and more by how they use them.

This research\textsuperscript{17} was designed to segment consumers in the communications market according to their attitudes towards, and engagement with, communications technology and services. This method of segmentation is complementary to traditional demographic analysis. The findings provide a unique way in which to view and understand consumers in this market, which can be used to inform strategic thinking and policy development.

Statistical analysis was conducted on the data collected in order to create an attitudinal and behavioural segmentation. Six distinct consumer segments were identified. A detailed report of the segmentation research has been published here.

4.0.1 An overview of the consumer segments

The six segments are shown in Figure 8. Each group has been given a name, which provides a shorthand description of the group. The groups range in size from 26% of adults (‘Functionalists’) to 14% of all adults (‘Deal Seekers’). Regarding communications services, the most technologically advanced group are the ‘Pioneers’. Moving around the chart clockwise, the groups become less technologically advanced, with the ‘Disconnected’, who do not access the internet, being the least advanced.

\textsuperscript{16} http://stakeholders.ofcom.org.uk/market-data-research/market-data/communications-market-reports/consumer_engagement/

\textsuperscript{17} The research was conducted face to face on Ipsos MORI’s omnibus survey during March – April 2013. In total, 2,508 UK adults were interviewed. The sample was representative of UK adults and lasted 30 minutes.
As an overview of each of the segments, the following pen-portraits describe the key features of each group.

### 4.0.2 Pioneers

The Pioneers group can be segmented further, in order to identify the small group of consumers who tend to be the earliest adopters of new communications technology.

- **Pioneers (Set A)** make up 52% of the Pioneers group, so represent 8% of all consumers. More than a quarter of this group own a smart TV and 100% have a smartphone. They tend to be younger males who have either just started full time employment or are full time students.

- **Pioneers (Set B)** make up the remaining 48% of the Pioneers group, so represent 7% of all consumers. They are similar in attitude and behaviours to Pioneers (Set A) but have a slightly lower level of device ownership.
**Figure 9  Pioneers**

The most technically advanced who own and personally use a lot of technology devices. 1 in 5 use smart TVs, half use a games console. All use a Smartphone, with 4 in 10 personally using a tablet too.

They have very high involvement in technology and do not shy away from using it to its full potential. They are extremely online savvy and conduct most of the high literacy activities online.

**Figure 10  Deal seekers**

Device ownership and usage is higher amongst this segment, in comparison to most other segments, apart from Tech Advanced. But the key discriminator for this segment is their urge to find the best deal for their suppliers of services. They are most likely to switch and have bundled services and also have very strong attitudes towards switching, as they are more likely to be deal seekers and feel it's easy to switch and are the most pragmatic.
**Figure 11 Slipstreamers**

Slipstreamers have good ownership and usage levels for most technology devices, with 1 in 3 using a tablet and 6 in 10 a Smartphone. But they are defined by being digitally confident and capable. They conduct a range of tasks across different devices, these tasks include those in the more advanced listing. However, they do have concerns about their privacy on the internet.

<table>
<thead>
<tr>
<th>More likely to be...</th>
<th>Younger working males with higher household income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Most likely to own and use...</td>
<td>Most of the technology devices especially Smartphone</td>
</tr>
<tr>
<td>Most likely to say...</td>
<td>I am always one of the first to try out new technology (65%)</td>
</tr>
<tr>
<td>Likelihood of switching and bundling services...</td>
<td>Fairly Likely</td>
</tr>
<tr>
<td>Miss doing the most...</td>
<td>Use a Desktop or Laptop computer (29%)</td>
</tr>
</tbody>
</table>

**Figure 12 Socialisers**

Socialisers are socially active but technically un-engaged. This segment is very pragmatic, they are most likely to wait a year for a device to get cheaper before they are likely to buy it, but they do not actively seek out the deals and they like their devices to be simple and straightforward. Attitudinally they do not have many concerns online. They are not particularly led by technology, they are younger and skewed towards females.

<table>
<thead>
<tr>
<th>More likely to be...</th>
<th>Females who is working and socially active</th>
</tr>
</thead>
<tbody>
<tr>
<td>Most likely to own and use...</td>
<td>Devices that accommodate daily usage and trendy ones</td>
</tr>
<tr>
<td>Most likely to say...</td>
<td>I worry about other people’s feelings and opinions when I take decisions (69%)</td>
</tr>
<tr>
<td>Likelihood of switching and bundling services...</td>
<td>Fairly likely</td>
</tr>
<tr>
<td>Miss doing the most...</td>
<td>Watch Television (32%)</td>
</tr>
</tbody>
</table>
Figure 13  Functionalists

Amongst this group, 3 in 10 use a Smartphone, 1 in 10 a smart TV and 1 in 7 use a tablet. They do not show much interest in technology generally and are very traditional in what they use it for. Their usage of internet is limited to traditional activities like email and social networks and they express concerns about privacy and security. They are less inclined to trying new things out on the internet and need to be educated to do most things online.

More likely to be...  Older females with higher household income
Most likely to own and use...  Devices that accommodate daily usage
Most likely to say...  Traditions are very important to me (75%)
Likelihood of switching and bundling services...  Not very likely
Miss doing the most...  Watch Television (42%)

Figure 14  Disconnected

They do not access the internet at all. Their household ownership and personal usage of most technology devices is significantly lower. Their connection to the world is established by TV, radio, landline or standard mobile. 1 in 3 from this group are aged 75+ which explains the disconnect with internet and technology. They see no point in accessing the internet and often ask peers if they need help.

More likely to be...  Older females who has minimum interest with technology
Most likely to own and use...  More traditional devices
Most Likely to say...  Traditions are very important to me (79%)
Likelihood of switching and bundling services...  Not very likely
Miss doing the most...  Use a Smartphone (5%)
4.0.3 Segment comparisons

Figure 15 provides a qualitative assessment of each segment against the four criteria set out in the row titles. A green circle shows where the segment is above average, amber is in line with the average and red is below average. The red indicators are exclusively found among Functionalists and the Disconnected. The clustering of the different coloured dots demonstrates that there is a strong correlation between attitudes, media ownership, engagement, confidence and literacy, and switching and bundling. The analysis shows that those who are the most comfortable with technology are also the most able to deal with risks and to get the best deals from suppliers.

![Figure 15 Comparison of segments on key criteria](image)

Source: Ofcom research
Base: All UK adults (2,508)
4.0.4 Communications device use

The Disconnected segment use, on average, the fewest digital communications service devices (three). All other segments use a similar number of devices, ranging from an average of six among the Functionalists to eight among the Deal Seekers and Pioneers (Figure 16).

Figure 16 Comparison of device ownership, by segment

<table>
<thead>
<tr>
<th>Avg. no. of devices used</th>
<th>PC/laptop</th>
<th>Std mobile</th>
<th>Smartphone</th>
<th>Dig radio</th>
<th>e-reader</th>
<th>tablet</th>
<th>Smart TV</th>
</tr>
</thead>
<tbody>
<tr>
<td>8</td>
<td>91%</td>
<td>10%</td>
<td>100%</td>
<td>32%</td>
<td>18%</td>
<td>42%</td>
<td>21%</td>
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<tr>
<td>8</td>
<td>91%</td>
<td>33%</td>
<td>66%</td>
<td>30%</td>
<td>16%</td>
<td>32%</td>
<td>15%</td>
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<td>6</td>
<td>83%</td>
<td>25%</td>
<td>62%</td>
<td>26%</td>
<td>15%</td>
<td>31%</td>
<td>15%</td>
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<td>7</td>
<td>84%</td>
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<td>30%</td>
<td>17%</td>
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<td>12%</td>
<td>14%</td>
<td>9%</td>
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<tr>
<td>3</td>
<td>3%</td>
<td>59%</td>
<td>1%</td>
<td>15%</td>
<td>1%</td>
<td>0%</td>
<td>0%</td>
</tr>
</tbody>
</table>

Source: Ofcom research
Base: All UK adults (2,508)
4.0.5 Attitudes to technology

Most consumers agreed that they like technology products to be simple and this did not vary a great deal by segment. However, the segments have very different views on whether technology makes life better, with Pioneers and Deal Seekers the most likely to agree, and Functionalists and the Disconnected group the least likely to agree (Figure 17).

There is also wide variation in the proportion who feel they are being left behind by a lack of knowledge. The Deal Seekers, Slipstreamers and Pioneers are the least likely to agree, with Functionalists and Disconnected groups the most likely to agree.

Figure 17 Attitudes to technology, by segment

Source: Ofcom research
Base: All UK adults (2,508)
4.0.6 Attitudes to the internet

Column 5 in Figure 18 shows the proportion who agree that they have concerns about privacy on the internet. Among all six segments, over half expressed concerns in this area, with most of the segments clustered around the 60% mark for this measure.

The segments expressed very different attitudes towards their own skills in using the internet. For example, the proportion who say that they get help from others to learn new skills on the internet varies substantially between segments, as does the proportion who say that they are restricted in what they can do online due to lack of skills.

Figure 18 Attitudes to internet use, by segment

Source: Ofcom research
Base: All UK adults (2,508)
4.0.7 Online security issues

Figure 19 shows that over a quarter of all research participants said that they had personally experienced a virus, this was highest (at 40%) among Pioneers.

Just over one in ten (12%) said they had experienced phishing\textsuperscript{18}, with one in five saying it had happened to someone they know. Reported experience of phishing was highest among the Deal Seekers (19%).

Figure 19 Experience of online security problems

\textsuperscript{18} Phishing was described to participants within the questionnaire as “where someone has obtained personal and/or financial information and possibly stolen my identity”
4.0.8 Communications provider relationships

Our research shows that participants were more likely to feel loyal to their communications provider than to feel that they were tied to their existing provider. Loyalty was highest towards broadband, fixed line and mobile operators.

A quarter of Pioneers, and around three in ten Slipstreamers and Deal Seekers, say they are loyal to their mobile operating system (OS).

**Figure 20 Communications provider relationships**

Source: Ofcom research  
Base: All UK adults (2,508)
Section 5

Availability of services and providers

Introduction

This section of the report highlights the availability of communications services across the UK. It also reports trends in the availability of technology within sectors; for example, 3G and superfast broadband services.

By tracking levels of availability we can monitor the market and see how different consumers are accessing the different services, thereby highlighting any issues relating to their not being able to use a specific service for reasons outside their control.

Key trends

- **Fixed line, broadband and digital broadcasting are available to nearly all consumers, with varying degrees of mobile coverage across the UK.** In 2013, using data taken from network operators planning tools, we estimated that 99.6% of premises had an outdoor mobile signal from at least one 2G operator and 99.1% by at least one 3G mobile operator.\(^{19}\)

- **Digital terrestrial coverage is almost universal following digital switchover.** Digital terrestrial television (DTT) has near-universal coverage of 98.5% of UK households, as the UK completed digital switchover in late 2012.

- **Digital radio services are available to over nine in ten (94.4%) households.** The recent extension of the Digital One multiplex to Northern Ireland has increased the proportion of UK households that are able to receive these services. Following the launch of new multiplexes around the UK, the proportion of UK households that are served by local commercial multiplexes has also increased; from 66.4% to 71.7%.

- **Consumers are able to choose from a wide range of communication providers.** The number of communication providers remained fairly stable in 2013. There are at least 13 major suppliers of bundled residential communications services, 114 fixed line operators and 4 mobile network operators. There are currently 519 television channels, 13 of which are public service channels and their HD and +1 variants, with the remaining 506 being commercial channels. Consumers have 553 analogue radio services in the UK, including local and UK-wide commercial stations, BBC local, UK-wide and community stations, and 212 stations available on DAB, of which 50 are digital-only brands.

These key trends are explored in more detail under the following sub-headings:

- availability of services across the UK; and
- range of communications providers available.

\(^{19}\) We recognise that the planning tools are subject to a margin of error and local factors, such as tall buildings or trees, can affect the signal at different locations. In addition, the quality of mobile services are affected by factors other than signal strength, such as network capacity, number of simultaneous users and quality of handset. In 2014 we will be undertaking work to measure the actual consumer experience.
5.1 Availability of services across the UK

5.1.1 Fixed-line, broadband and digital broadcasting are available to nearly all consumers, with varying degrees of mobile coverage across the UK

Fixed-line telephony, broadband and digital broadcasting are available to nearly everyone in the UK. In 2013, using data taken from network operators planning tools, we estimated that 99.6% of premises had an outdoor mobile signal from at least one 2G operator and 99.1% by at least one 3G mobile operator\(^{20}\). One of the 800MHz spectrum licences Ofcom auctioned carries an obligation on the holder to provide indoor coverage to 98% of consumers at speeds of 2Mbit/s by 2017, with at least 95% coverage being provided in each of the nations.

Fixed-line PSTN services are universally available across the UK. The universal service obligation (USO) is currently provided by BT, and by Kingston Communications in Hull. All households in the UK must be able to access a fixed line at a standard charge, although additional connection charges apply when a household is so remote that installation would cost the supplier over £3,400 to provide the line.

Ofcom’s *Infrastructure Report* includes data on predicted mobile signal strength (based on operator planning models) for both 2G and 3G in the UK, and calculates two measures of coverage\(^{21}\). The first considers the proportion of postal addresses that are within coverage of the networks (‘premises coverage’), while the second considers overall geographic coverage; i.e. what percentage of the UK’s land mass they serve (‘geographic coverage’). We have based our analysis on a signal strength that should be sufficient to make or receive a call outdoors\(^{22}\).

A summary of coverage across the UK and for each of the nations is shown in Figure 21 below.

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\(^{20}\) See footnote 17

\(^{21}\) There are a number of other mobile coverage projects elsewhere, such as the BBC’s mobile coverage research (http://www.bbc.co.uk/news/technology-14582499) and OpenSignalMap (http://www.opensignalmaps.com/), both of which use consumer-end devices to measure mobile coverage. The outcomes of this crowd-sourcing approach are limited by the number of test devices and where the phones are used.

\(^{22}\) See Annex 1 in Ofcom’s *Infrastructure Report* for details on the signal thresholds we have used.
5.1.2 Growing superfast broadband take-up is driving increases in actual fixed broadband speeds

UK consumers are able to access to a wide choice of broadband products as a result of the availability of local loop unbundling (LLU), ADSL fibre, cable and mobile broadband and the ability to purchase services as part of a bundle. At the end of 2012 94% of UK premises were connected to an LLU-enabled BT local exchange, while by June 2013 the proportions of premises that were in postcodes served by BT Openreach/ Kcom fibre broadband networks, and that were passed by Virgin Media’s cable broadband network, were 56% and 48% respectively. Overall, over 99.9% of UK premises were able to access ADSL fixed broadband services at the end of 2012, although factors such as distance from the exchange and the quality of local networks may limit availability.

The average speed of UK residential fixed broadband connections is continuing to increase, and Ofcom research shows that the average actual download speed of these services increased from 9.0Mbit/s to 14.7Mbit/s in the year to May 2013 (see Figure 22). This rise is largely due to increasing take-up of superfast broadband services (i.e. those with a headline speed of ‘up to’ 30Mbit/s or higher) which accounted for 19% of all residential fixed broadband connections by May 2013, up from 8% a year previously.

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24 LLU is the process whereby the incumbent operators (in the UK it is BT and Kingston Communications) make their local network (the lines that run from customers premises to the telephone exchange) available to other communications providers.
26 The next publication is expected in February 2014 based on data collected in November 2013.
Figure 22 Average actual broadband speeds: May 2011 to May 2013

Source: SamKnows measurement data for all panel members with a connection in May 2013. Panel Base: 1,105.

5.1.3 Digital terrestrial coverage is almost universal following digital switchover at the end of 2012

UK viewers can choose from four types of digital distribution technology to receive live broadcast-quality television - digital terrestrial, satellite, cable and IPTV. However, these are subject to varying degrees of availability.

Figure 23 shows that digital TV services delivered over the airwaves were the most widely available type in 2013. Digital terrestrial (DTT) has near-universal coverage; 98.5%, as the UK completed digital switchover in late 2012. Cable coverage capable of offering cable fixed telecoms and/or pay-TV services stands at 48% of UK homes (the 2011 and 2012 figures are lower than in previous years due to a change in the measurement of cable availability, explained in Figure 23 below).
5.1.4 BBC DAB is available to over nine in ten UK households. Greater London has the highest number of digital services available to consumers

The BBC has the most widespread DAB coverage, with the BBC’s network of 11 stations available to 94.4% of UK households (Figure 24). The national commercial multiplex, Digital One, broadcasts 14 commercial stations, including simulcasts of the three stations available nationally on analogue. The recent extension of the Digital One multiplex to Northern Ireland has increased the proportion of UK households that are able to receive these services. The proportion of UK households that are served by local commercial multiplexes has also increased, following the launch of new multiplexes around the UK.
The availability of radio services on DAB is highest in the Greater London area, where listeners can receive up to 61 radio services. Dumfries and Galloway, the Scottish Borders, Cumbria, North West Wales, Somerset and Suffolk are the areas where availability is lowest. Listeners can receive up to 25 stations on DAB in these areas. Outside London, the majority of homes in the UK where DAB is available receive between 26 and 35 services. Figure 25 shows the number of stations as well as the number and type of digital multiplexes which are available across the UK. Further information on the number of analogue and digital stations that are available across the UK on analogue and DAB can be found in Ofcom’s *Digital Radio Report 2013*.\(^{27}\)

5.1.5 Royal Mail provides a universal postal service to consumers across the UK, with competition concentrated on parcel and bulk mail delivery

Royal Mail is the designated universal service provider in the UK and is subject to certain legal requirements and regulatory conditions including the requirement to provide collections of letters, and their delivery to every UK home or premises six days a week. Prices for universal services must be affordable (and uniform) throughout the UK.

Royal Mail must also provide sufficient post boxes and other access points (e.g. at post offices) to meet the reasonable needs of users of the universal postal service. This includes a requirement that there should be a post box within 0.5 miles of at least 98% of premises nationally; and for the remaining 2% of premises, Royal Mail must provide sufficient access points or other means of access to the universal service (e.g. collection on delivery from very remote or isolated locations such as farmhouses) to meet the reasonable needs of users (having regard to the costs and operational practicalities of doing so). Currently, the UK has over 115,000 post boxes and 11,780 post offices.

As businesses are responsible for the majority of mail sent in the UK, competition in the postal sector has developed with a focus on businesses sending bulk mail. For consumers who want to send an addressed letter or greetings card, the provider they use is most likely to be the universal service provider, Royal Mail.

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29 as imposed by Ofcom, [http://stakeholders.ofcom.org.uk/post/conditions/](http://stakeholders.ofcom.org.uk/post/conditions/)
For consumers who are sending parcels, however, a range of providers are able to provide this service. Apex Insight\(^\text{30}\) has identified over 15 companies which operate significant parcels networks in the UK, including international operators such as DHL, UPS, FedEx, TNT and DPD as well as national operators including City Link, UK Mail, Yodel and Hermes. Although the majority of these operators primarily offer services to businesses, they also offer services to consumers wishing to send parcels and packets.

DHL, for example, has customer-facing outlets in branches of Ryman stationers, and UPS offers parcel mailing services as part of its Access Point network. Collect+, a parcel service operated by Yodel and PayPoint, has a network of over 5,250 local shops where consumers are able to send and receive parcels. The Collect+ network also handles returns for some online retailers. Online services such as Parcel2Go and Parcelmonkey act as intermediaries, aggregating nationwide courier services and offering an online service to book the collection of parcels. In many areas in the UK, local couriers operate delivery networks, often offering a same-day service within a defined geographical area.

A range of parcel collection and delivery services are offered by a number of providers at a range of prices. The types of services offered allow users to choose a service that best meets their needs, in terms of whether to include tracking, insurance, time or day definite delivery slots. Some providers limit their coverage and exclude certain areas such as Northern Ireland, the Scottish Highlands and Islands, the Isle of Man and the Isle of Wight, which has an impact on the level of choice in these areas.

5.2 Number of communication providers available in the UK

Consumers in the UK are able to choose from a number of communications providers offering a wide range of standalone and bundled communications services and content choices. Figure 26 below shows the range of providers and content choices available within the communications market.

5.2.1 Number of providers offering services remains relatively stable

There are at least 13 major suppliers of bundled residential communications services (for example, a fixed line and a multichannel TV bundle, where the customer has to take both services to get the advertised price). This has remained unchanged over the past few years.

Similarly, there has been no change in the number of provider options for consumers in the fixed-line market. There are estimated to be 114 providers offering services in the fixed-line market subject to the Conditions of Entitlement (the conditions they must fulfil in order to offer communications services).

Consumers continue to be able to choose from mobile services offered by four mobile network operators (MNOs) – Vodafone, O2, Three and Everything Everywhere. Since the 2010 merger of T-Mobile and Orange, Everything Everywhere has continued to operate three retail brands, selling 2G and 3G services through T-Mobile and Orange and 4G services through EE. There are also many virtual mobile network operators (MVNOs) and resellers\(^\text{31}\).

30 Apex Insight is an independent provider of research, analysis and advice covering business-to-business markets.

31 An MVNO or reseller is a company that resells services from one of the four network operators but does not own its own mobile network infrastructure. For example, Virgin Mobile uses the T-Mobile network (which is being integrated with the EE network) and Tesco Mobile uses the O2 network.
Figure 26 Range of provider/content choices in the communications market

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
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<tbody>
<tr>
<td>Bundled operators</td>
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<td>14</td>
<td>13</td>
<td>13</td>
<td>13</td>
<td>13</td>
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<tr>
<td>Fixed line operators</td>
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<td>116</td>
<td>116</td>
<td>116</td>
<td>114</td>
<td>114</td>
</tr>
<tr>
<td>(estimated)</td>
<td></td>
<td></td>
<td></td>
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<td>Mobile network</td>
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<td>Television channels</td>
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<td>492</td>
<td>490</td>
<td>499</td>
<td>525</td>
<td>519</td>
</tr>
<tr>
<td>PSB channels</td>
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<td>13</td>
<td>13</td>
<td>13</td>
<td>13</td>
<td>13</td>
</tr>
<tr>
<td>Radio*- analogue</td>
<td>485</td>
<td>513</td>
<td>510</td>
<td>545</td>
<td>536</td>
<td>553</td>
</tr>
<tr>
<td>services</td>
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<td></td>
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<tr>
<td>Radio simulcast on</td>
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<td>156</td>
<td>167</td>
<td>162</td>
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<tr>
<td>DAB</td>
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<td></td>
</tr>
<tr>
<td>Radio - DAB only</td>
<td>38</td>
<td>38</td>
<td>46</td>
<td>53</td>
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<td>50</td>
</tr>
</tbody>
</table>

Source: Ofcom. Bundled operators data provided by PurePricing.
*Not all radio stations are available to all listeners

Comparison of the range of choice between sectors

A recent survey[^32] asked consumers to rate the amount of choice across a number of sectors. Insurance companies (58%) and supermarkets (50%) rated highest for having ‘a lot of choice’. This was followed by banks (42%) and holiday companies (42%). A third of consumers rated telecoms, TV or internet service providers (34%), gas and electricity providers (31%) and airlines (31%) as having ‘a lot of choice’. Train companies and postal services were reported to have less choice, with over one in four (26% and 28% respectively) stating that they offered ‘no choice at all’.

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[^32]: Customers in Britain, conducted by Firebrand Insight in 2013
http://www.firebrandinsight.co.uk/sector-experience/our-life-in-britain-series
Figure 27 Perceptions of provider choice available

<table>
<thead>
<tr>
<th>Category</th>
<th>A lot of choice</th>
<th>A moderate amount</th>
<th>A little choice</th>
<th>No choice at all</th>
<th>Don't know</th>
</tr>
</thead>
<tbody>
<tr>
<td>Insurance companies</td>
<td>58</td>
<td>26</td>
<td>8</td>
<td>6</td>
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<tr>
<td>Supermarkets</td>
<td>50</td>
<td>34</td>
<td>12</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>Banks</td>
<td>42</td>
<td>37</td>
<td>15</td>
<td>3</td>
<td></td>
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<tr>
<td>Holiday companies</td>
<td>42</td>
<td>36</td>
<td>10</td>
<td>11</td>
<td></td>
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<td>Telecoms, TV or internet service providers</td>
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<td>15</td>
<td>2</td>
<td>4</td>
</tr>
<tr>
<td>Gas and electricity providers</td>
<td>31</td>
<td>42</td>
<td>20</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>Airlines</td>
<td>31</td>
<td>42</td>
<td>16</td>
<td>2</td>
<td>10</td>
</tr>
<tr>
<td>Train companies</td>
<td>5</td>
<td>20</td>
<td>42</td>
<td>28</td>
<td>11</td>
</tr>
<tr>
<td>Postal services and delivery</td>
<td>5</td>
<td>20</td>
<td>42</td>
<td>28</td>
<td>5</td>
</tr>
</tbody>
</table>

Source: Customers in Britain 2013, Firebrand Insight  
Base: all adults (1,018)