OFFICE OF COMMUNICATIONS

The Consumer Experience

Research Report

Research Document

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Section 1

Introduction

Background

This document is Ofcom's second annual report of the consumer experience in relation to telecoms, the internet and digital broadcasting. The report lists the full results of our research programme aimed at measuring how well consumers have fared over the past year in respect of these services.

The metrics reported in this document where decided after consultation with stakeholders.

Data sources

A variety of data sources were used in compiling this report, the main source being the Ofcom communications tracking survey supported by a range of ad-hoc research.

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

Ofcom communications tracking survey

The communications tracking survey takes place on a monthly basis. It provides Ofcom with continued understanding of consumer behaviour in the UK communications markets, helping us to monitor change and assess the degree and success of competition.

Ofcom consumer decision-making survey

Ofcom's first survey of consumer decision-making was carried out in June 2006, and repeated in July 2007, when it was expanded to include consumers in each of the fixed-line, mobile, broadband and multichannel television markets, including bundled services. The main objective was to track the extent to which consumers participate in the communications markets.

Consumer concerns research

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

Ofcom awareness tracking survey

The objective of this study was to determine the level of brand awareness of Ofcom itself compared with other regulatory organisations such as the Financial Services Authority and Ofgem (the regulator for the gas and electricity markets).

Ofcom hearing impairment research

This qualitative research project investigated consumers with a hearing impairment and their experiences with communications services. The study included people with different types of hearing impairments, including those with mild/moderate and severe/profound impairment, as well as members of the Deaf community. Due to the qualitative nature of the research

and objectives of the study the sample is not representative of all consumers who have a hearing impairment.

Ofcom low income research

An in-depth qualitative investigation of consumers whose annual income is less than £15K and their experiences with communications services. The research included consumers with a variety of incomes under £15K, including wage earners and those receiving benefits. Due to the qualitative nature of the research and objectives of the study the sample is not representative of all consumers who have an income less than £15K.

The scope

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

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

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

- consumer access – 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, consumer awareness and use of suppliers, and their satisfaction;
- consumer empowerment – the level of participation in communications markets in terms of switching and shopping, and use of consumer information; and
- consumer protection and concerns – complaints, concerns and awareness of complaint procedures.

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

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

The report does not look at ethnic minority groups, which were the focus of a separate Ofcom study: http://www.ofcom.org.uk/research/cm/ethnic_minority/ , published in June 2007.

With the exception of take-up data, findings have not been analysed at a national or regional level across the UK, as this is covered by Ofcom's annual *Nations & Regions Communications Market* report published in May 2007 (http://www.ofcom.org.uk/research/cm/cm07/).

Time series data

Where possible data from Q1 or Q2 2007 has been used. However, there are some analyses in the report where different time periods have been used;

- analysis by the nations – the latest data is 2006 annual data (Q1 – Q4 combined)
- analysis by disability – the lasted data is Q1 and Q2 data combined

Statistical reliability

For reporting purposes, sub-group differences are noted in the report only when they are significantly different from the total sample. We have reported differences at the 95% confidence level; this means that if you asked 100 people in the population, 95 of them would give a similar response to the finding reported.

Research summary

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

- Take-up trends are positive
    - Increase in the take-up of broadband across all groups
    - Increase in the take-up of digital TV, driven by Freeview
    - Increase in take-up of mobile, broadband and digital TV among over 65s (although take-up among this group is still lower than the general population)
    - For the first time households with mobiles over take the percentage of households with fixed-lines
    - Increase in take-up of bundled services
- There has been continued downward pressure on prices
    - Within the UK, prices per household for a basket of communications services is decreasing
    - The UK compares favourably against selected international markets
- There has also been an increase in the choice consumers are able to exercise in the communications market
    - General increase in awareness of suppliers
    - Increase in the number of operators across the markets
- Although low income consumers are affected by affordability when taking up communications services, they are more likely to be affected by income variability and other financial issues such as not having a bank account
    - These factors influence decisions to commit to contracts and pay by direct debit
- While consumers are actively participating in the broadband market there are some issues that could impact on behaviour
    - The percentage of consumers who are very satisfied with their broadband supplier is decreasing
    - The proportion who state switching internets service providers (ISP) is easy is also decreasing
- Hearing impaired consumers are very positive about the development of mobiles and the internet although there is still a way to go to overcome accessibility and usability issues

    - While text based communications has transformed the lives of some consumers they have problems with retail staff and call centre staff communicating with them and understanding their needs

- Ofcom are seeing progress in a number of areas of consumer concern

    - Action on MAC codes is starting to show very positive results for broadband switching

    - There has been steady progress on fixed-line mis-selling and silent calls but continued effort is needed

    - Mobile mis-selling complaints have over taken fixed-line for the first time

Section 2

Consumer access

Overview and purpose

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

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

Consumer access metrics

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

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

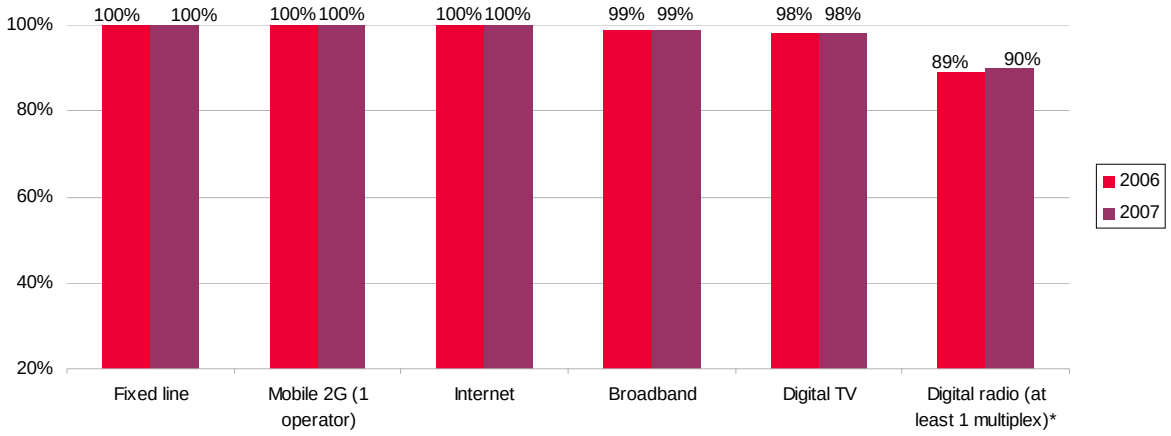
Please note that in order to provide sub-analysis for the three impairment groups shown in this report it was necessary to use Q1 and Q2 data combined, while all other analysis is based on the quarter stated in the notes underneath each graph.

2.1 Consumer access metric 1: availability of communications services

This first metric shows the availability of each service across the UK. Time series data for fixed-line, internet (including broadband), digital television and digital radio are shown in Figure 1 below.

2.1.1 Overall availability of communications services – UK

Figure 1: Availability of communications services



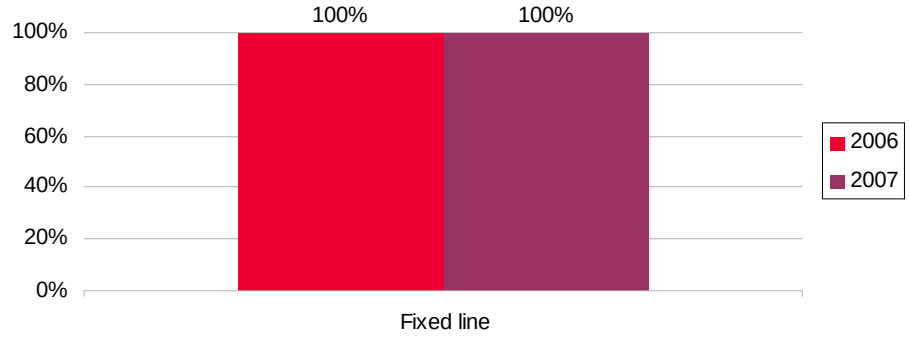
*90% is BBC's and Digital One's targets for coverage by the end of the summer 2007
Source: Ofcom

Overall availability of communications services has not altered over the past 12 months. There is wide availability of services with at least 9 in 10 consumers covered by fixed-line, mobile, internet and digital broadcasting (Figure 1).

2.1.2 Availability of fixed-lines

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

Figure 2: Availability of fixed-lines



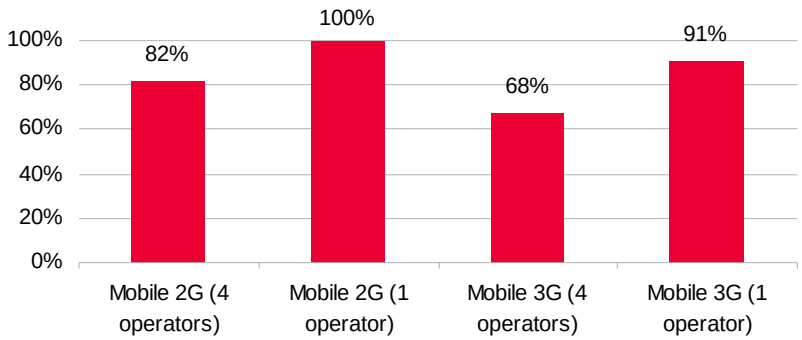
Source: Ofcom

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

2.1.3 Availability of mobile

Mobile availability data, presented in Figure 1 and Figure 3, is not comparable with 2006 data due to methodological differences. Both second generation (2G) and third generation (3G) mobile phone services are available to the majority of the population in the UK.

Figure 3: Availability of mobile



Source: Ofcom

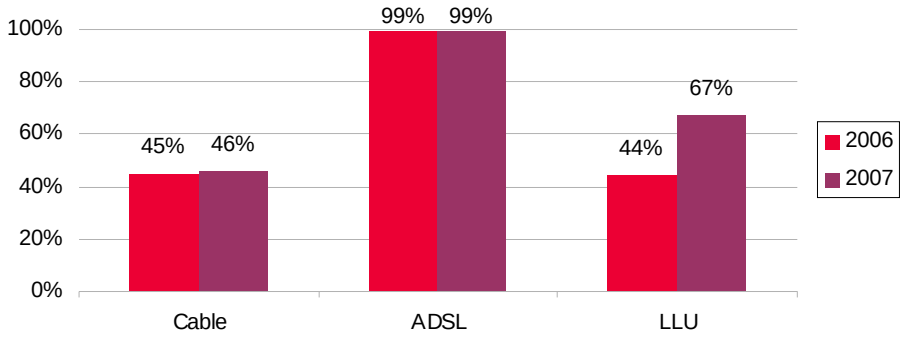
Figure 3 shows that 2G mobile services are available to the entire population - all residents live within a postal code that has coverage by at least one 2G operator and 82% from four or more operators. For a mobile network to be included in the data as having 2G coverage, its network footprint had to cover at least 95% of the postcode area

While over nine in ten postcode districts are covered by at least one 3G operator, more than two-thirds (68%) of postcode districts are covered by at least four 3G operators.

2.1.4 Availability of internet

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

Figure 4: Availability of broadband internet

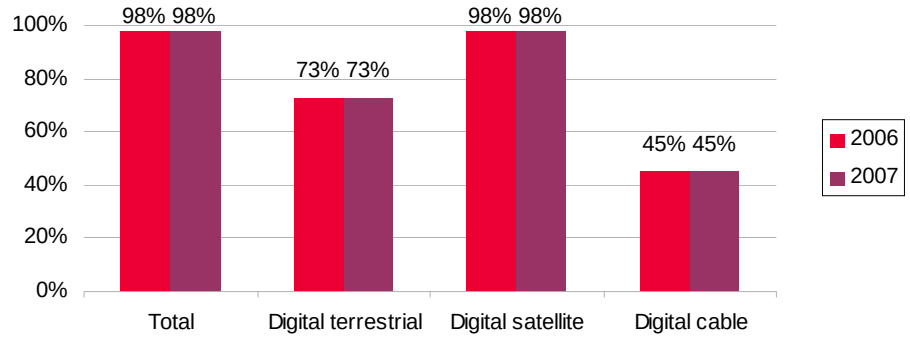


Source: Ofcom/operators

Availability of unbundled local loop lines has grown from 44% to 67% over the year, while cable availability has gone up slightly, from 45% to 46%. ADSL availability is 99%, although individual households may be affected by local factors (such as distance from the exchange and quality of local network technicalities) which prevent them from having access.

2.1.5 Availability of digital television

Figure 5: Availability of digital television

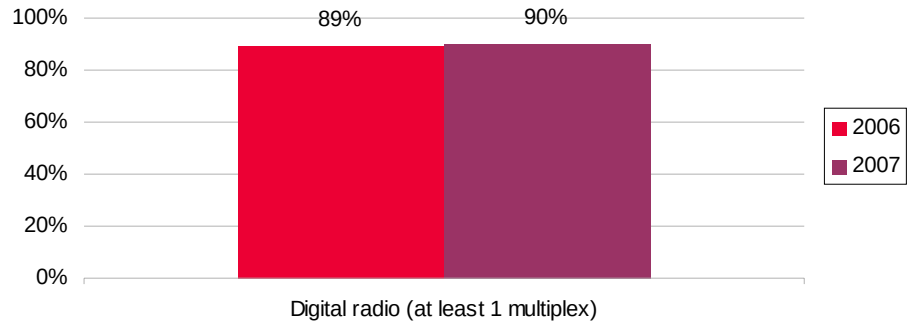


Source: Ofcom

Availability of digital television did not change between 2006 and 2007, with 98% of households across the UK having access (Figure 5). However, some households may not have access to satellite services due to specific local factors or housing agreements. The reach of digital terrestrial (73% of households) is the maximum possible until digital switchover enables digital signals to be broadcast more widely across the UK. Digital cable grew slightly from 45% to 46%.

2.1.6 Availability of digital radio

Figure 6: Availability of DAB digital radio



Source: BBC and Digital One

Nine in ten consumers can get digital radio reception, whether this is through devices such as DAB radio, mobile phone, internet, digital TV or MP3 player. This data is based on predictive coverage of the two DAB network operators.

2.2 Consumer access metric 2: take-up of communications services

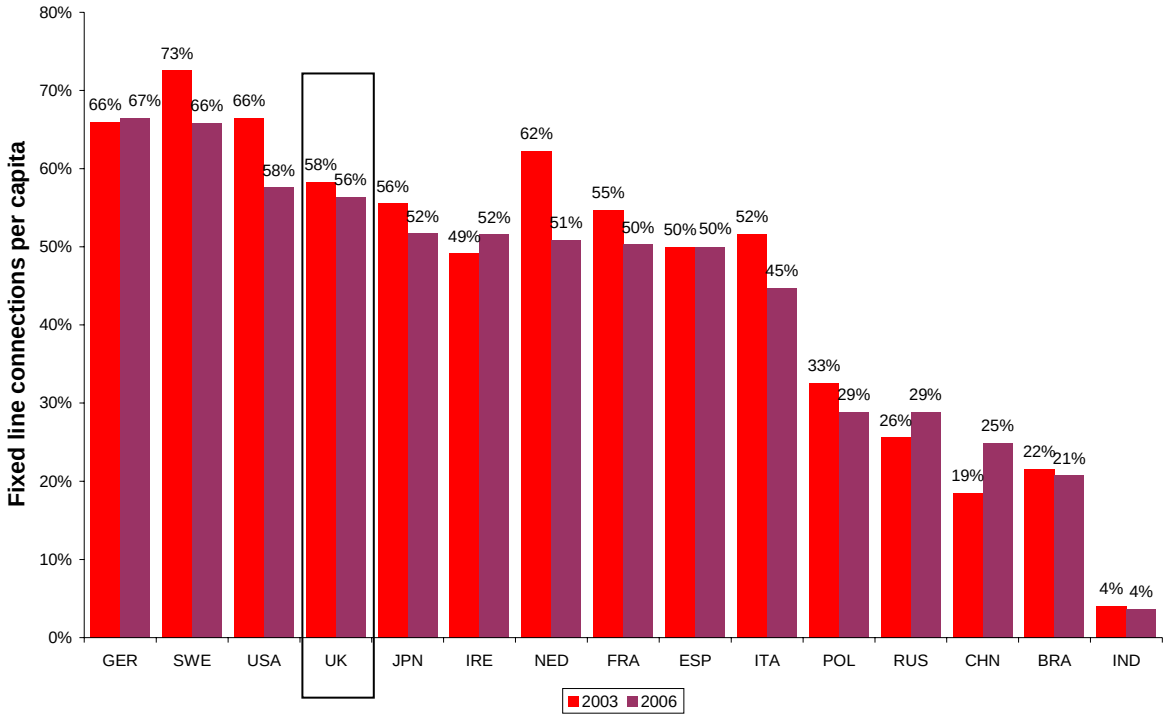
This metric identifies the extent to which consumers have communications services available in their household. It also looks at take-up figures over time, consumers' demographic profiles and international comparisons.

The following sub-sections analyse take-up of the individual communications services at an international level as well as in more detail with in the UK.

2.2.1 Take-up of fixed-lines – international comparisons

Figure 7 compares the number of fixed-lines per head in the UK with levels in other nations, over time.

Figure 7: Take-up of fixed-lines – international comparisons



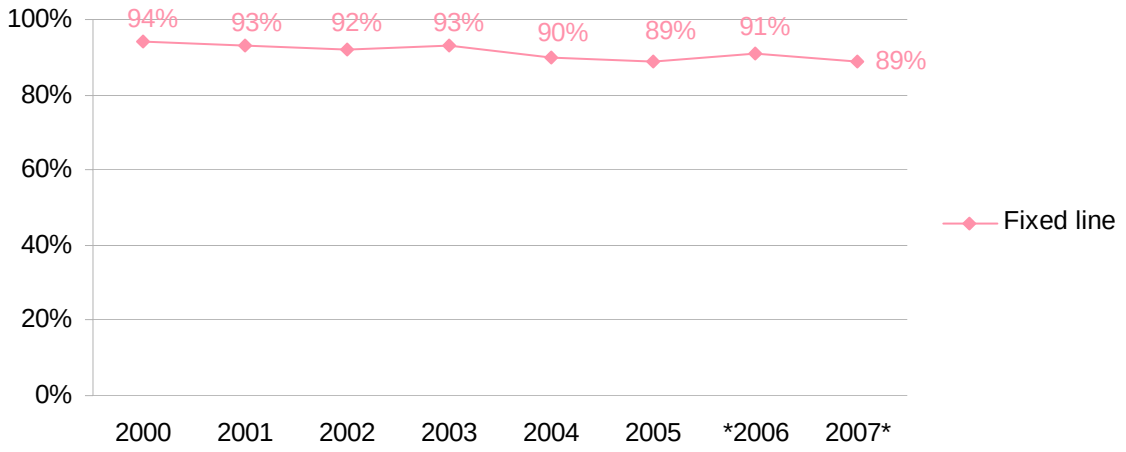
Source: Ofcom / national regulators 2006. Base: total population

It shows that in 2006, with 58 lines per 100 population, the UK has higher take-up than many European countries, but is considerably lower than Germany and Sweden. However, this is mainly a factor of the varying average sizes of households; as most households in all mature telecoms markets have one fixed connection, the lower average number of people per household in Germany and Sweden means that there are a higher number of connections per head. Unfortunately, because it is not possible to distinguish between residential and business lines for most countries, we are not able to show comparative household take-up rates.

In virtually all countries there has been a decrease in recent years in the number of fixed-lines per head, driven largely by fixed-to-mobile migration. However, in terms of connections, this appears to have had less impact in the UK than in other European markets. Research by Analysys in 2007 found that the UK had the second lowest proportion of mobile-only households in Europe (Sweden had the lowest). The requirement in the UK to have a fixed-line for DSL broadband access, combined with falling prices for fixed and broadband service combinations, appears to be constraining the decline of fixed-line connections.

2.2.2 Take-up of fixed-lines

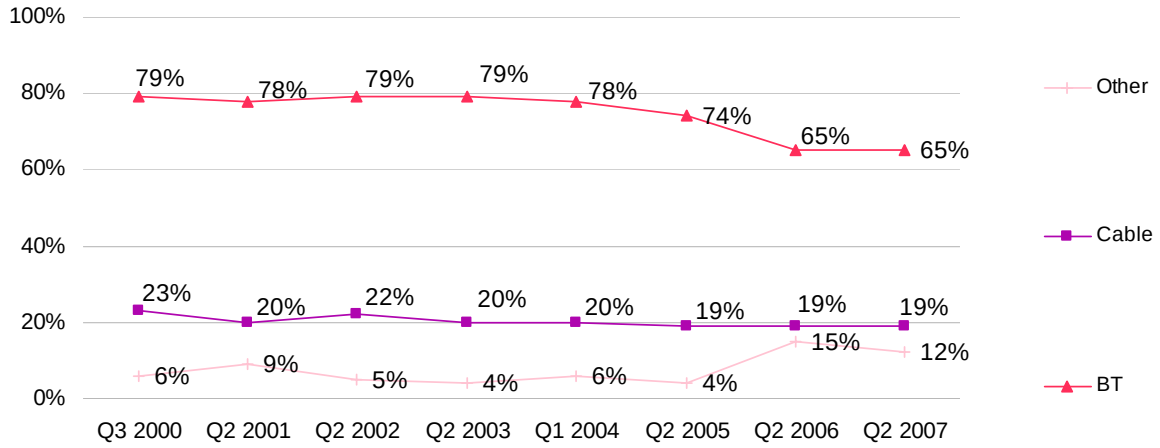
Figure 8: Take-up of fixed-lines 2000-2007



Base[1]: All adults 15+. Data for 2006 and 2007 based on Q2 data, all other data based on Q4.
Source: Ofcom communications tracking survey

Fixed-line take-up is 89%. Although not significant it is two percentage points lower than 2006. Over the same time period we have started to see take-up of mobiles overtake fixed-lines, and a higher percentage of mobile only households (although, this is not yet a significant change).

Figure 9: Penetration of fixed-line suppliers 2000-2007



Base: All adults 15+
Source: Ofcom communications tracking survey Q2 2001-2003, Q1 2004, Q2 2005-2006[2]

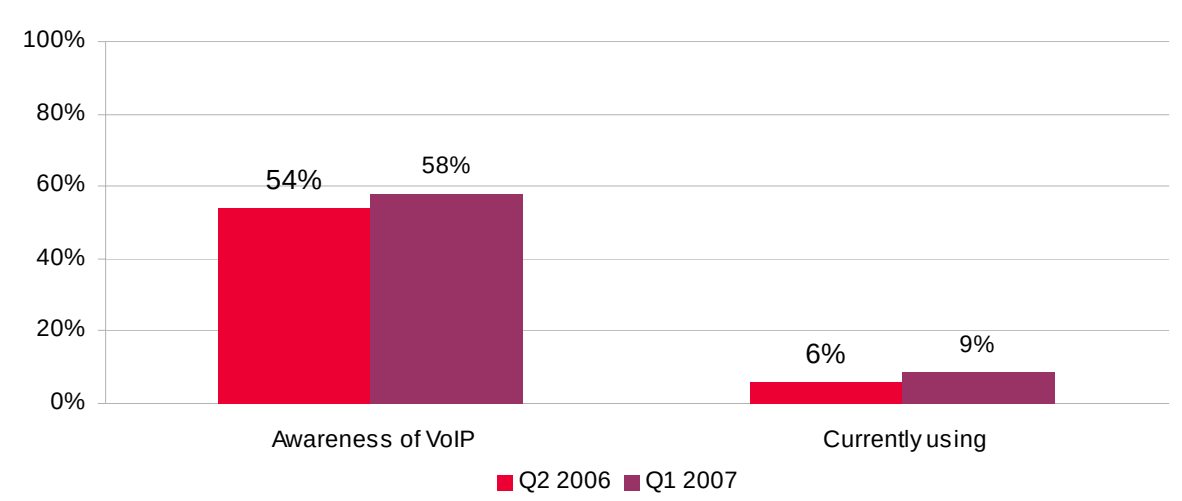
Sixty-five per cent of respondents stated that their household chose to take up new fixed-line services with BT in 2007, 19% with cable and 12% other suppliers. Between Q2 2006 and 2007 the penetration has been stable.

[1] Base : (Q4 200, 2133) (Q4 2001, 2159) (Q4 2002, 2138) (Q4 2003, 2150) (Q4 2004, 2131) (Q4 2005, 2214) (Q2 2006, 2439) (Q2 2007, 2265)
[2] (Q3 2000, 1885) (Q2 2001, 1935) (Q2 2002, 1935) (Q2 2003, 1939) (Q1 2004, 1988) (Q2 2005, 1966) (Q2 2006, 2234)

Since 2005 local loop unbundling (LLU) operators have been able to set up competing fixed-line services, giving consumers the choice of using a provider other than BT or cable to supply their fixed-line calls, their telephone rental or both. Consequently, in Figure 9 we can see a rise in the percentage of consumers using other operators since 2005. This trend is reflected in industry data as well as the consumer survey. The range of suppliers consumers are increasingly using shows the competitiveness of the fixed-line market.

Voice over internet protocol (VoIP)

Awareness of the ability to make voice calls over the internet has increased from 54% in 2006 to 58% in 2007. Actual use of VoIP services is broadly similar between 2006 and 2007; 12% have ever used it and 9% currently use it (compared with 10% and 6% respectively in 2006).



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

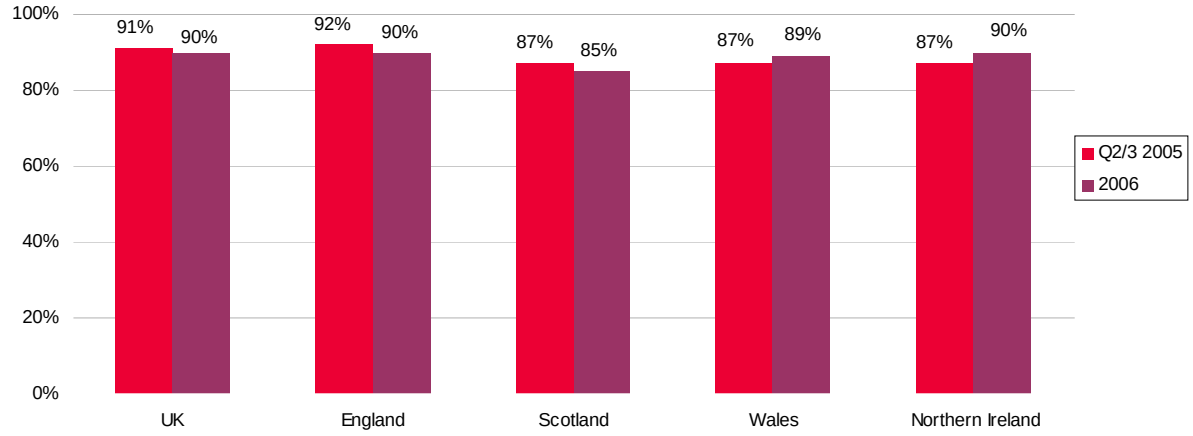
As in 2006, those aged 25-44 years, higher income earners (£30K+), and ABC1s are more likely to be aware of VoIP, while over-65s are least likely to be aware of the service. Under-45s are most likely to have ever used VoIP, as are those earning £17.5K+ and ABC1s.[3]

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

Figure 10 below shows a breakdown of take-up of fixed-line services across the nations of the UK. It is important to note when looking at nations data that time series data that different time periods are being compared.

[3] For detailed information regarding VoIP see http://www.ofcom.org.uk/research/telecoms/reports/voip/ published 26 July 2007

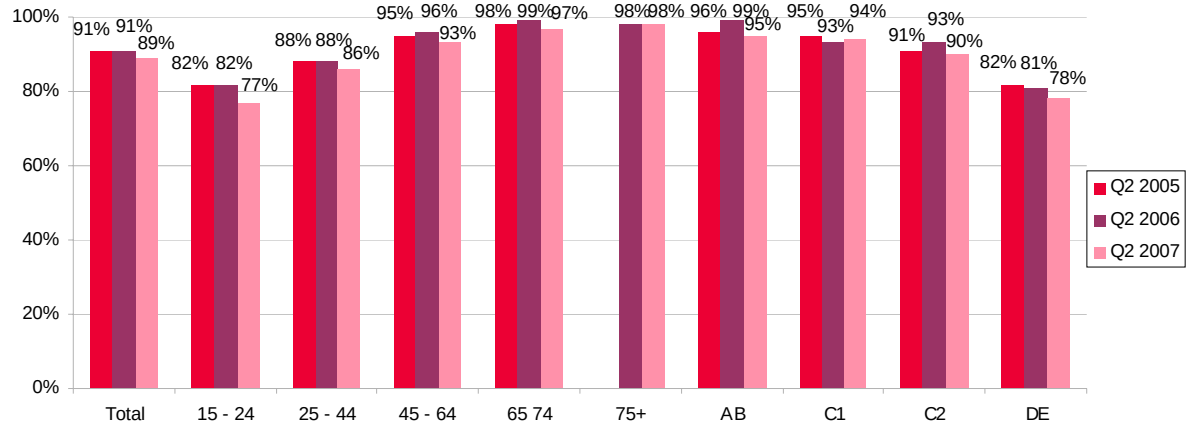
Figure 10: Nation profile of consumers who have taken-up fixed-line services[4]



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

The only difference across the nations was in Scotland, where 85% of consumers had a fixed-line; this was lower than the UK average of 90%.

Figure 11: Age and socio-economic profile of consumers who have taken-up fixed-line services

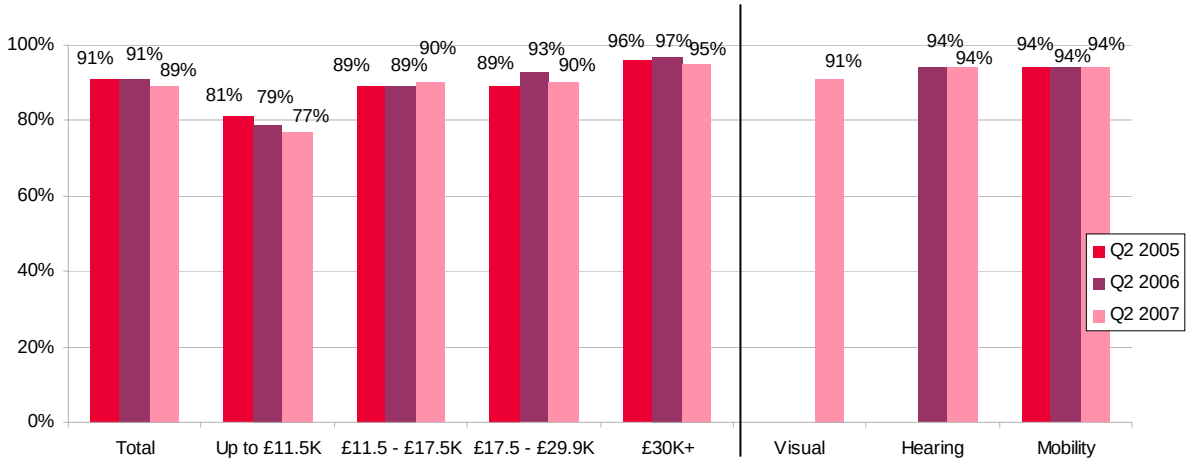


Base: All adults (Q2 2005, 2206) (Q2 2006, 2439) (Q2 2007, 2265)
Source: Ofcom communications tracking survey

While the majority of consumers have a fixed-line at home (89%), take-up is highest among over-65s where almost all have a fixed-line (Figure 11). Although over three-quarters of 15-24 year olds and those who are in the DE socio-economic group have a fixed-line at home, their take-up is lower than that of other groups, possibly because these groups increasingly rely on mobile as their main communications tool.

[4] Please note different time periods are used in 2005 and 2006.

Figure 12: Income and disability profile of consumers who have taken-up fixed-line services

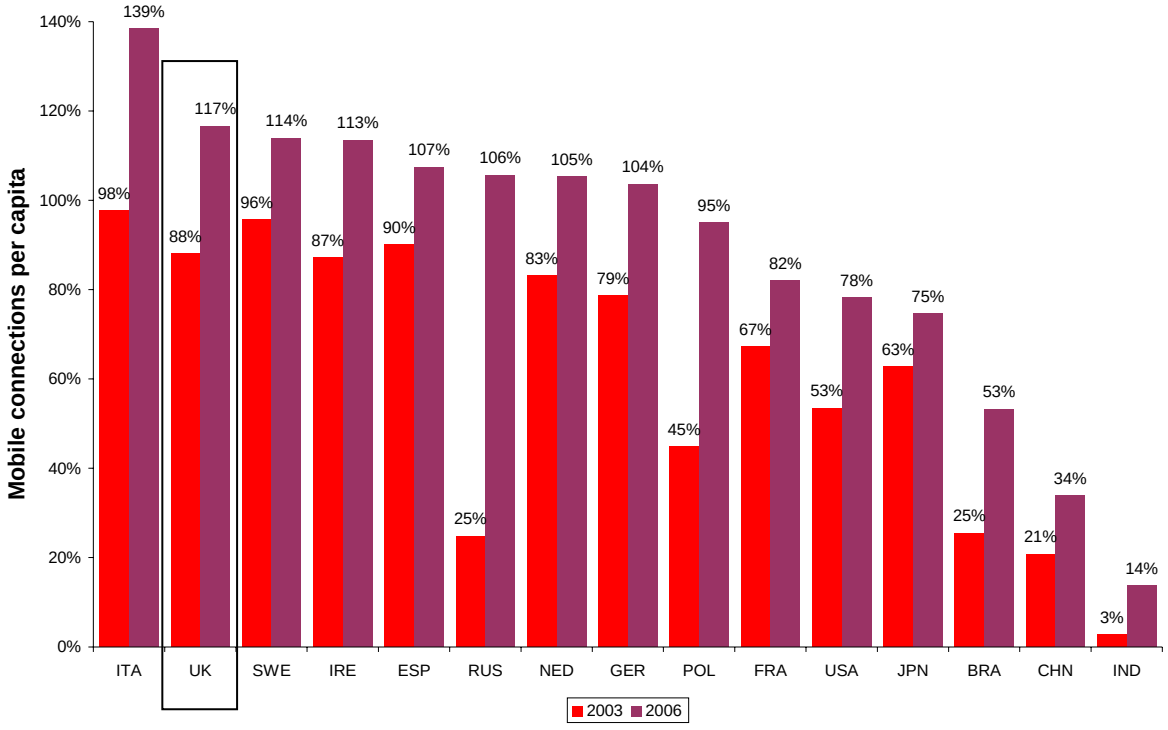


Base: All adults (Q2 2005, 2206) (Q2 2006, 2439) (Q2 2007, 2265)
Source: Ofcom communications tracking survey

Consumers with either a hearing, visual or mobility impairment are as likely to have access to a fixed-line as others (Figure 12). However, consistent with socio-economic group observations, those on the lowest incomes (less than £11.5K) are less likely than other income groups to have a fixed-line at home (77% vs 89%).

2.2.4 Take-up of mobile services – international comparisons

Figure 13: Take-up of mobile services – international comparisons



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

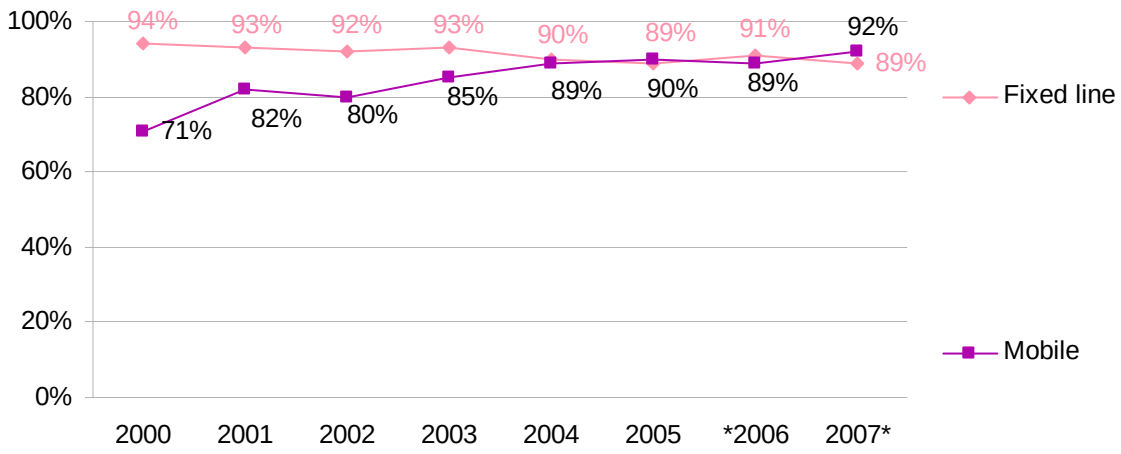
In 2006, the UK had the second highest penetration of mobile connections per head (after Italy) and is one of several European countries where the number of mobile connections exceeds the population. Such high levels of penetration are a function of the competitiveness of saturated markets where further growth is driven by multiple-phone

ownership, either for separate business and personal use or to take advantage of tariffs from different operators.

Italy had the highest number of mobile connections per head, with the UK second and Sweden third.

2.2.5 Take-up of mobile services

Figure 14: Take-up of household mobile services 2000-2007



Base[5]: All adults 15+. Data for 2006 and 2007 based on Q2 data, all other data based on Q4.
Source: Ofcom communications tracking survey

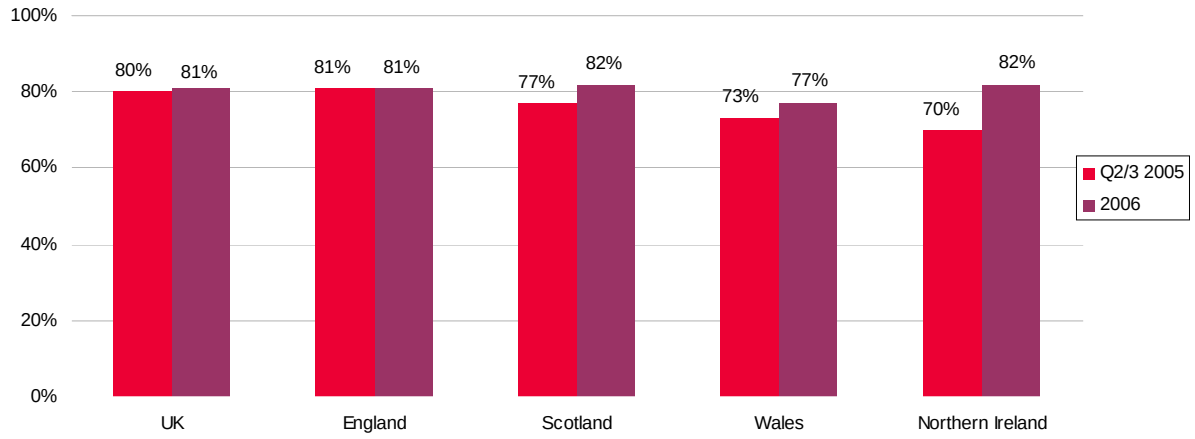
In 2007 household take-up of mobile phones was higher than fixed-lines for the first time, increasing from 89% in 2006 to 92% in 2007.

2.2.6 Profile of those who personally use mobile services

Figure 15 below shows a breakdown of take-up of mobile services across the nations.

[5] Base : (Q4 200, 2133) (Q4 2001, 2159) (Q4 2002, 2138) (Q4 2003, 2150) (Q4 2004, 2131) (Q4 2005, 2214) (Q2 2006, 2439) (Q2 2007, 2265)

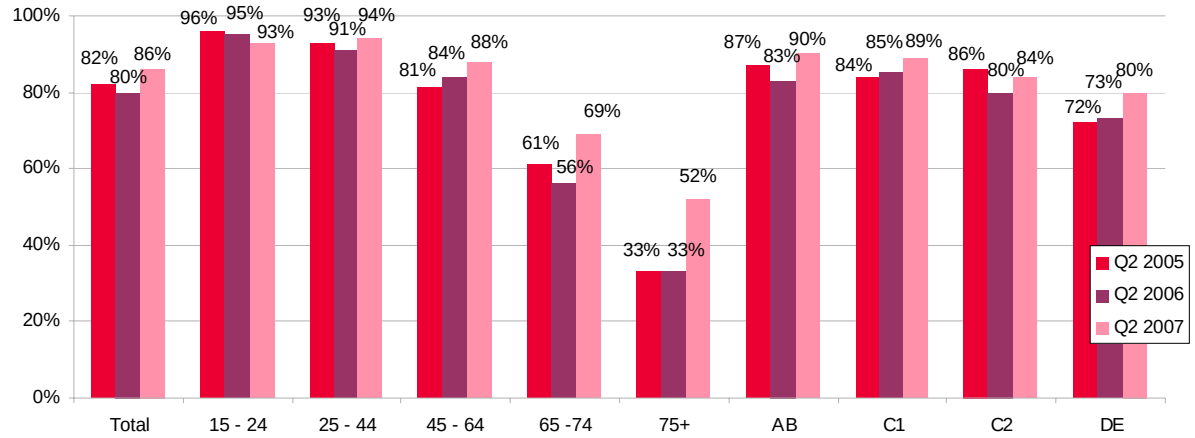
Figure 15: Nation profile of those who personally use mobile services[6]



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

There have been significant increases in the proportion of consumers who use mobile services in Scotland, Wales and Northern Ireland. Although over three-quarters of consumers in Wales personally use a mobile, this is lower than the UK average (81%).

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

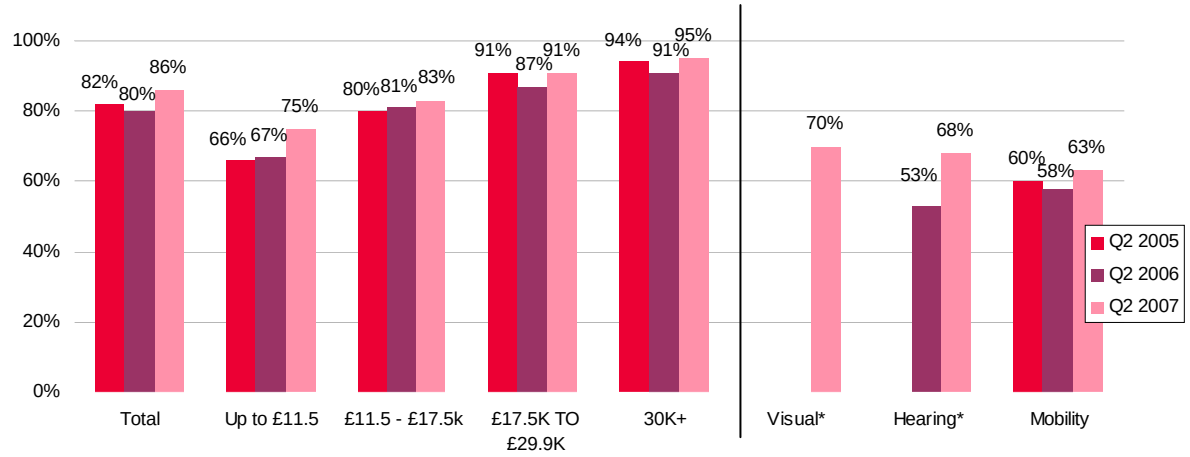


Base: All adults (Q2 2005, 2206) (Q2 2006, 2439) (Q2 2007, 2265)
Source: Ofcom communications tracking survey

Over four in five consumers personally use a mobile phone, an increase of six percentage points since Q2 2006 (see Figure 16 above). While over-65s are still less likely than others to have a mobile phone, the biggest growth in take-up has been among this group. Nearly seven in ten 65-74 year olds (an increase of 13 percentage points) and just over half of 75+ year olds (up by 19 percentage points) now have a mobile phone.

[6] Please note different time periods are used in 2005 and 2006.

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



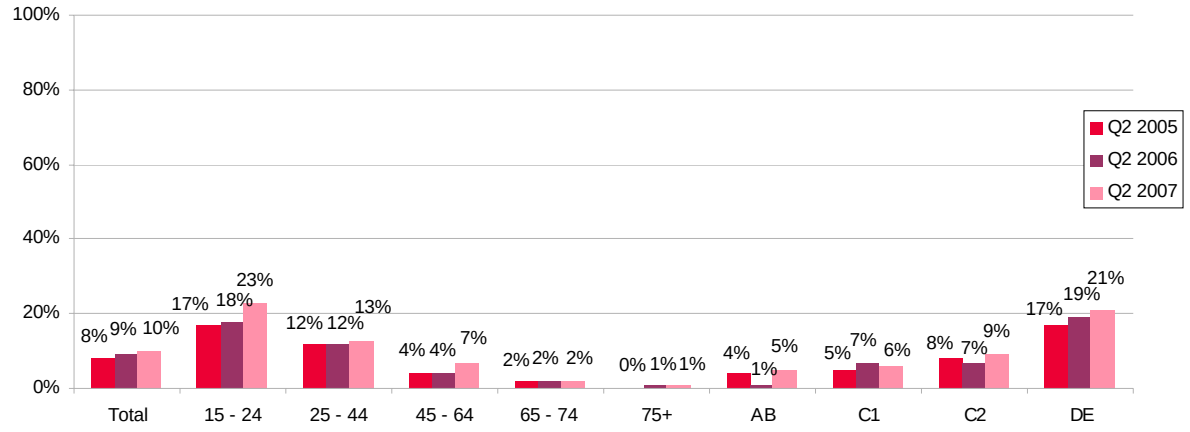
*Caution: Small base size
Base: All adults (Q2 2005, 2206) (Q2 2006, 2439) (Q2 2007, 2265)
Source: Ofcom communications tracking survey

Those earning less than £11.5K are still less likely to personally have a mobile phone than others (75% versus 86%). However, take-up has increased by eight percentage points since Q2 2006 (Figure 17). Although the majority of consumers who have a visual, hearing or mobility impairment do have a mobile phone, they are less likely to have one than the general population. Those with a mobility impairment have the lowest level of take-up.

2.2.7 Profile of users of mobile services alone

One-tenth of the population rely on their mobile alone for their voice telephony requirements.

Figure 18: Age and socio-economic profile of users of mobile-only services

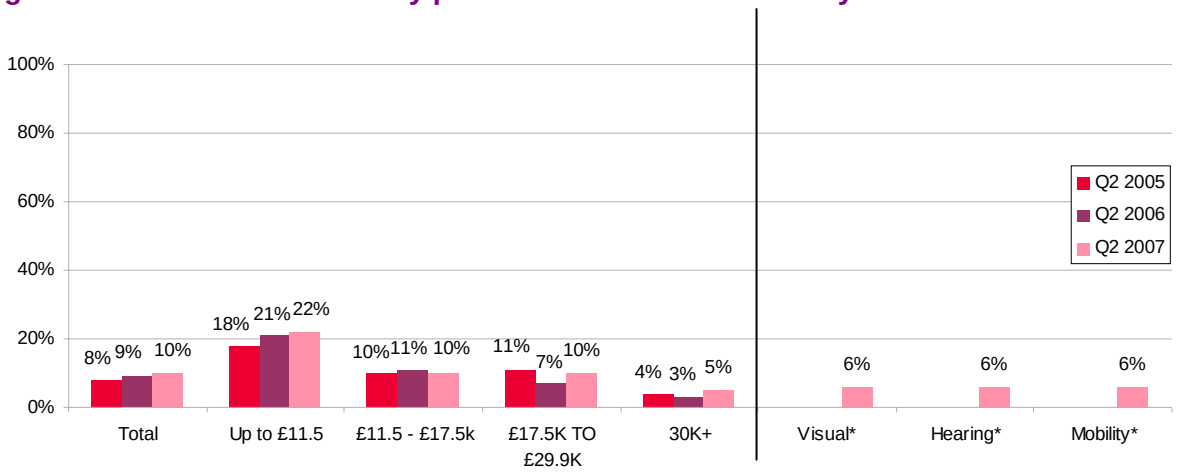


Base: All adults (Q2 2005, 2206) (Q2 2006, 2439) (Q2 2007, 2265)
Source: Ofcom communications tracking survey

Consistent with comparatively lower levels of fixed-line take-up, consumers who have only a mobile phone in the household are more likely to be younger (15-24 year olds) and DEs. Reliance on a mobile-only service among 15-24 year olds has increased significantly since 2005 (see Figure 18), while among the general population take-up of mobile-only communications has remained at a fairly stable level.

Additionally, consumers whose home communications is mobile only are less likely to have the internet at home.

Figure 19: Income and disability profile of users of mobile-only services



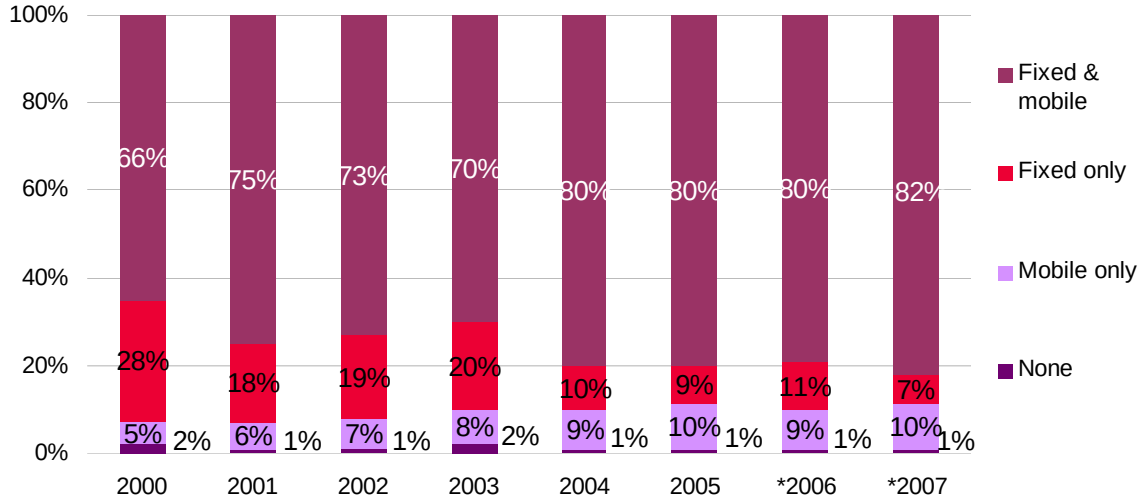
*Caution Small base size
Base: All adults (Q2 2005, 2206) (Q2 2006, 2439) (Q2 2007, 2265)
Source: Ofcom communications tracking survey

The level of mobile-only communications is highest among those earning less than £11.5K, and has significantly increased since 2005 (18% vs 22%). Across all three impairments illustrated in Figure 19, 6% are mobile-only.

2.2.8 Take-up of fixed-line and mobile services

Over four in five consumers have both fixed and mobile services in their home (Figure 20).

Figure 20: Take-up of fixed-line and mobile services



*Data for 2006 and 2007 based on Q2 data, all other data based on Q4.
Base[7]: All adults 15+.
Source: Ofcom communications tracking survey

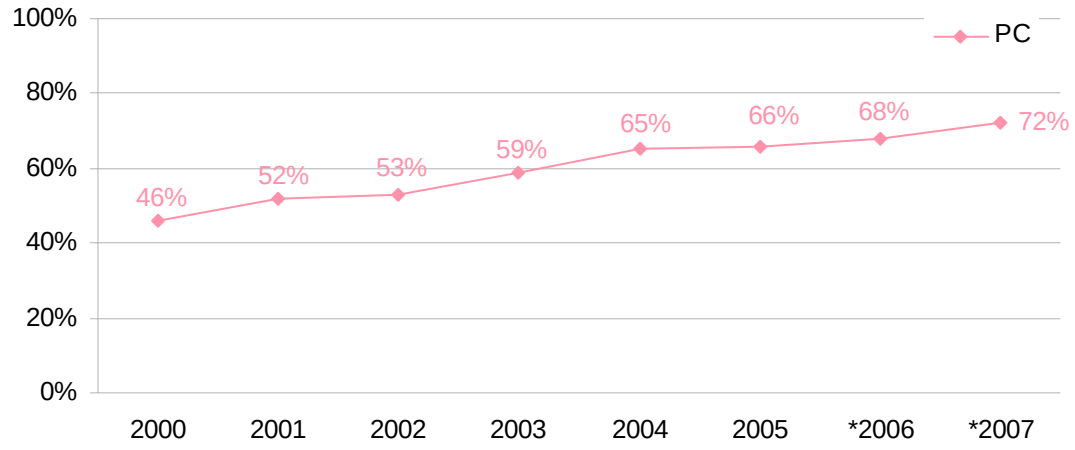
There has been little change in the proportions of consumers in households with fixed and mobile, and mobile-only, communications. However, there has been a decrease in the percentage of consumers who have fixed-only household communications; from 11% in Q2 2006 to 7% in Q2 2007.

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

2.2.9 Take-up of internet services

Take-up of the internet can be assessed on two levels. The first metric covers consumers who access the internet at home, and the second measures the proportion of consumers who access the internet in any location.

Figure 21: Ownership of PCs in the home



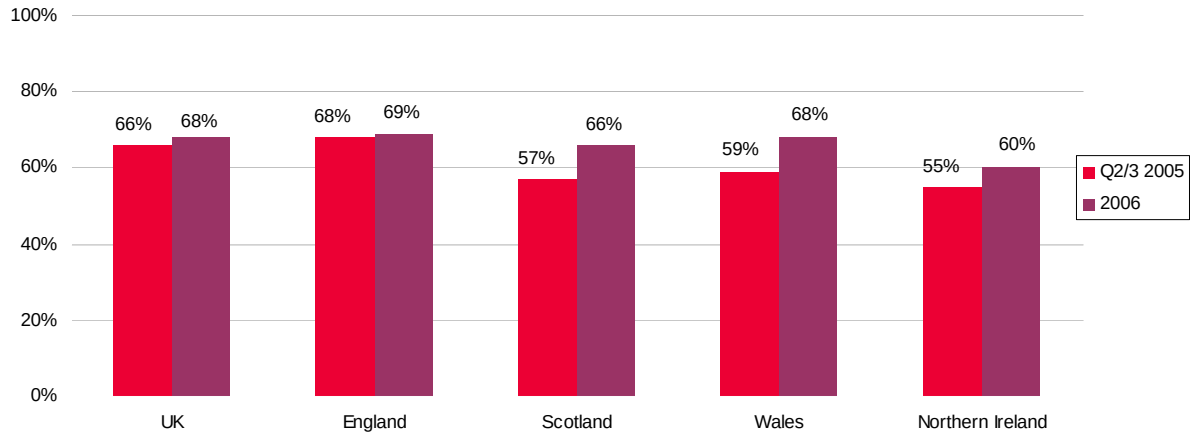
* Q2 data for 2006 and 2007, Q4 data for 2001 to 2005
Base: All adults 15+[8].,.
Source: Ofcom communications tracking survey

PC ownership has continued to increase; by four percentage points since 2006 (Figure 21).

2.2.10 Profile of owners of PCs

Figure 22 below shows a breakdown of PC ownership across the nations.

Figure 22: Nation profile of those who own a PC[9]

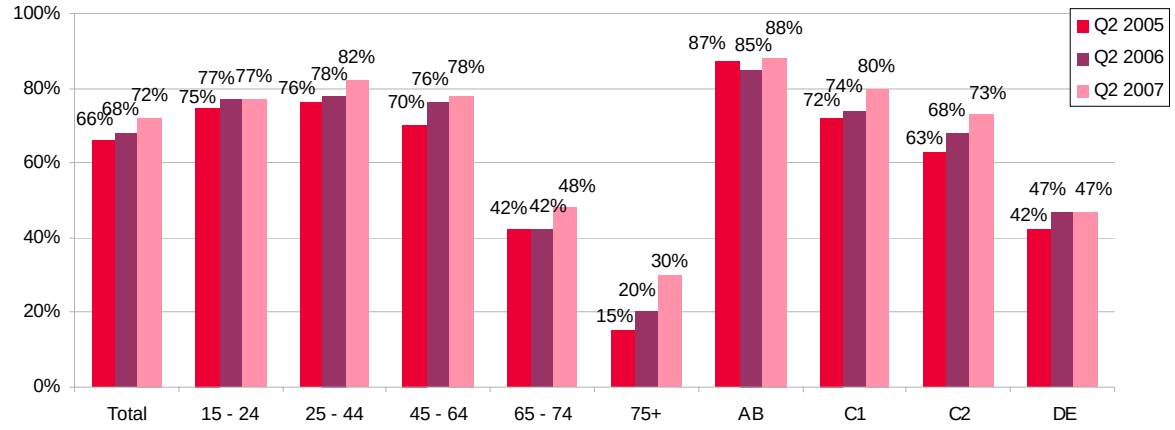


Base: All adults (Q2/3 2005, 4426) (Annual 2006, 9134)
Source: Ofcom communications tracking survey

[8] Base : (Q4 2000, 2133) (Q4 2001, 2159) (Q4 2002, 2138) (Q4 2003, 2150) (Q4 2004, 2131) (Q4 2005, 2214) (Q2 2006, 2439) (Q2 2007, 2265)
[9] Please note different time periods are used in 2005 and 2006.

Take-up of PCs in the home in Scotland and Wales is now at a similar level to the UK average. Although 60% of consumers in Northern Ireland had a PC at home in 2006, this was still lower than the UK average.

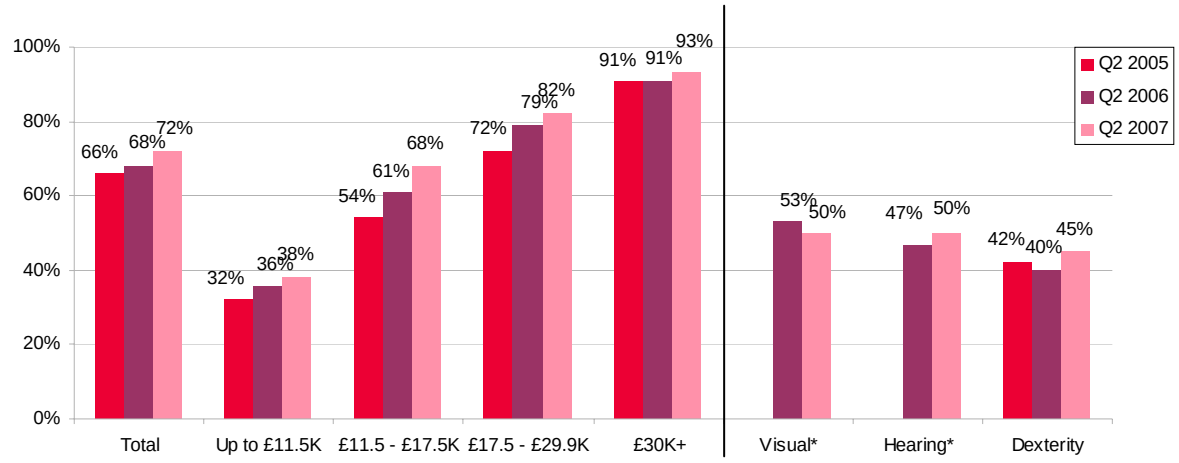
Figure 23: Age and socio-economic profile of those who own a PC



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

The largest increases in PC ownership in the last 12 months have been among C1s and C2s and over-65s, although overall take-up is still lowest for these groups (Figure 23).

Figure 24: Income and disability profile of those who own a PC

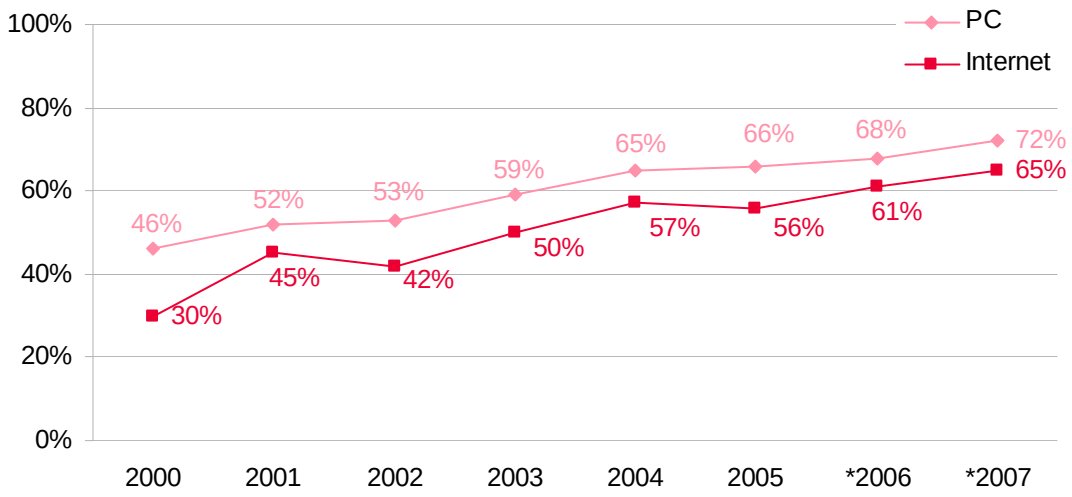


*Caution: Small base size
Base: All adults (Q2 2005, 2206) (Q2 2006, 2439) (Q2 2007, 2265)
Source: Ofcom communications tracking survey

Consistent with socio-economic trends, those earning between £11.5K and £17.5K have shown the largest increase in ownership (Figure 24). Consumers who have an impairment, whether visual, hearing or mobility, are significantly less likely than others to own a PC, with around half stating they have one.

2.2.11 Take-up of internet access at home

Figure 25: Take-up of the internet at home

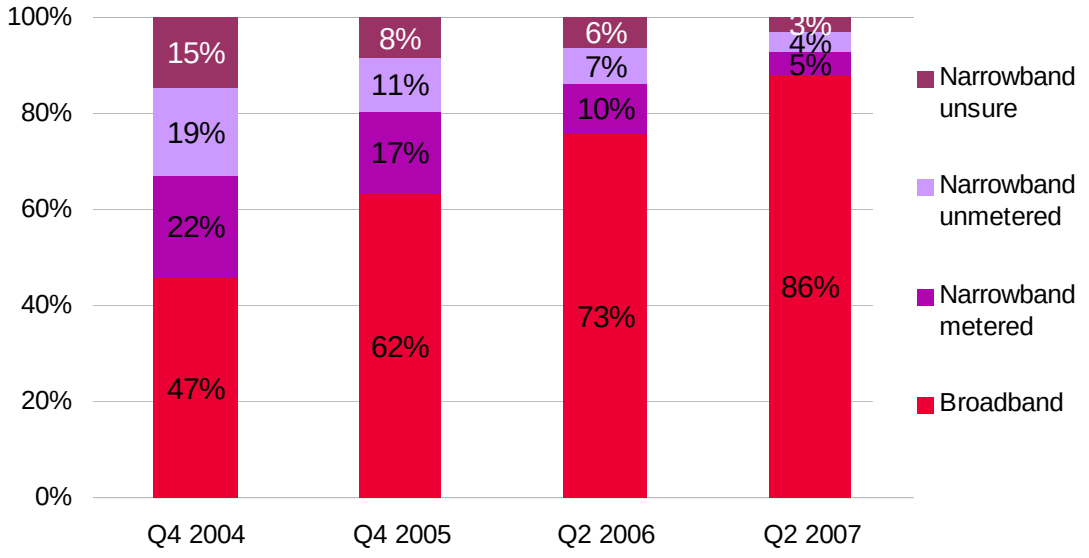


Base: All adults 15+[10]. *Q4 data for 2001 to 2005, Q2 data for 2006.
Source: Ofcom communications tracking survey

Growth in access to the internet has been consistent with growth in ownership of PCs, rising from 61% in Q2 2006 to 65% in Q2 2007. Nine in ten consumers who have a PC also have an internet connection at home.

2.2.12 Trends in internet connection methods

Figure 26: Trends in connection methods



Base: All adults who have broadband or narrowband as main connection at home
Source: Ofcom communications tracking survey[11]

[10] Base : (Q4 2000, 2133) (Q4 2001, 2159) (Q4 2002, 2138) (Q4 2003, 2150) (Q4 2004, 2131) (Q4 2005, 2214) (Q2 2006, 2439) (Q2 2007, 2265)
[11] Base: Q4 2004 (1113), Q1 2005 (1188), Q4 2005 (1159), Q1 2006 (1244), Q2 2006 (1267), Q1 2007 (1398)

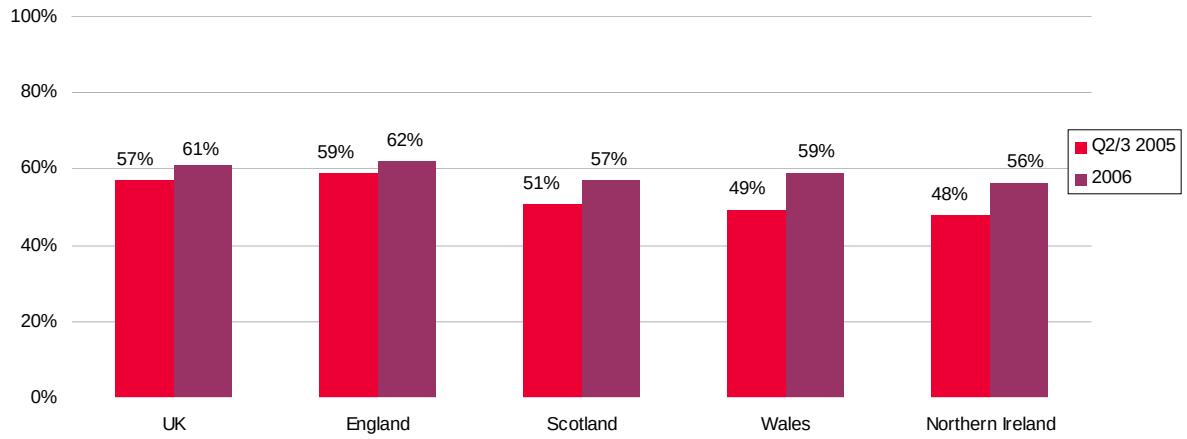
Broadband penetration, among those who have an internet connection at home, has increased significantly in the last 12 months (Figure 26). In 2007, over six in seven (86%) of internet owners had a broadband connection, compared with 73% in Q2 2006. The increase in broadband continues at the expense of narrowband penetration.

Among those who have a broadband connection, around one third say they are currently using a wireless router (34%).

2.2.13 Profile of consumers who have taken-up internet services

Figure 27 below shows a breakdown of internet take-up across the nations.

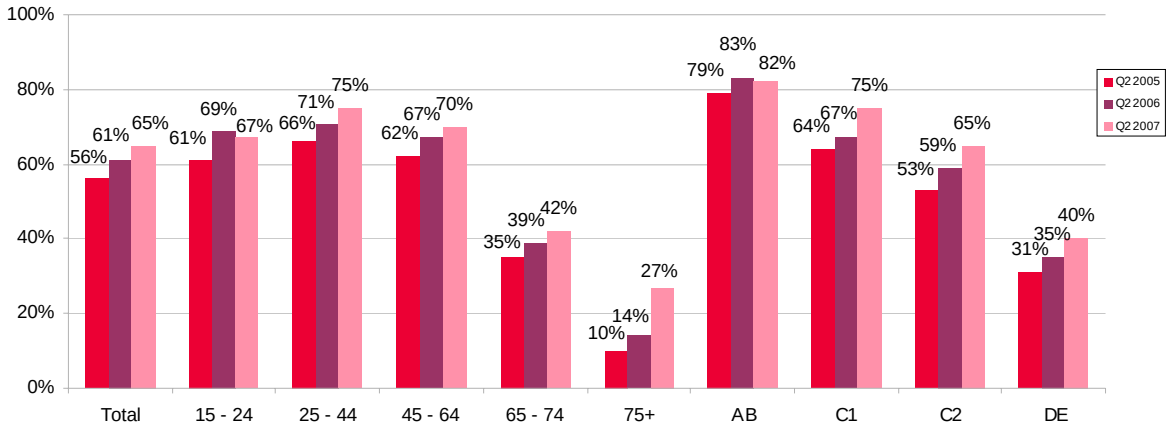
Figure 27: Nation profile of those who have internet access at home[12]



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

Consistent with ownership of PCs, take-up of the internet at home has increased in Scotland and Wales as well as Northern Ireland.

Figure 28: Age and socio-economic profile of those who have internet access at home



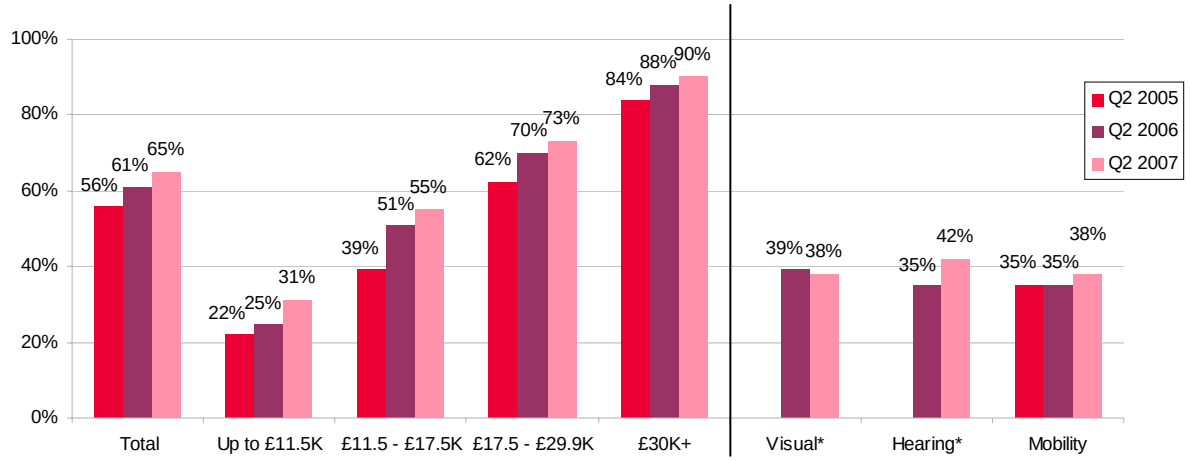
Base: All adults (Q2 2005, 2206) (Q2 2006, 2439) (Q2 2007, 2265)
Source: Ofcom communications tracking survey

Internet take-up has continued to increase over the last two years (Figure 28) across all groups in the population. While take-up has increased among 25-44 year olds, it has nearly

[12] Please note different time periods are used in 2005 and 2006.

doubled among 75+ year olds, to 27%, although this is still less than half the average level of take-up. Take-up is highest among AB consumers and has significantly increased among C1s, C2s and DEs. However, take-up among DEs is still significantly lower than average.

Figure 29: Income and disability profile of those who have internet access at home



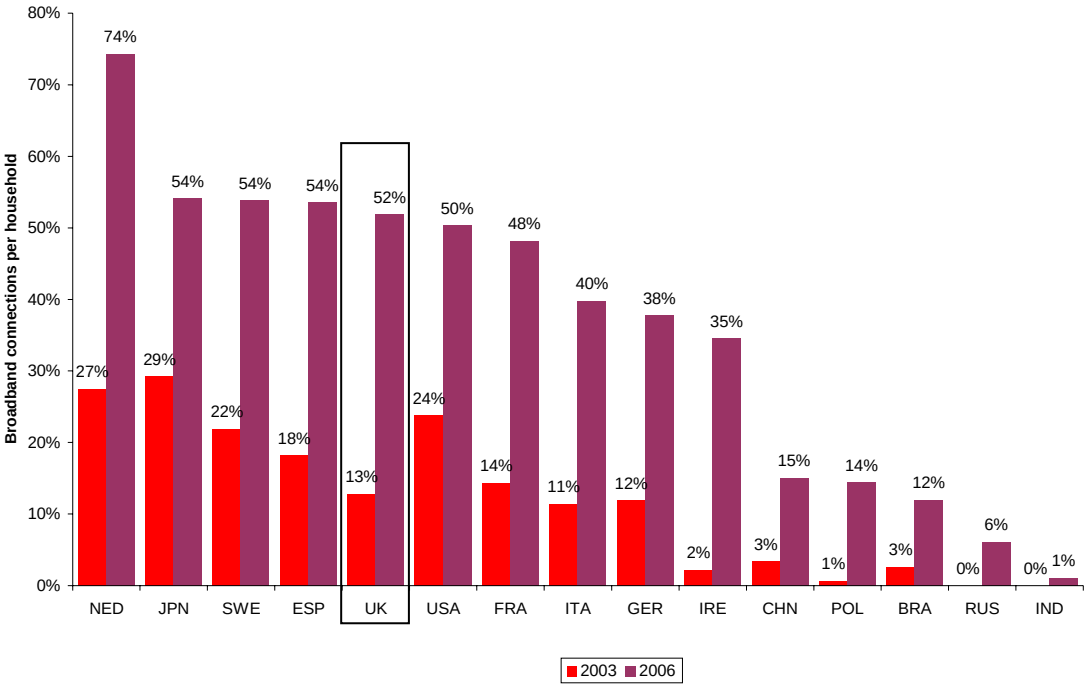
*Caution: Small base size
Base: All adults (Q2 2005, 2206) (Q2 2006, 2439) (Q2 2007, 2265)
Source: Ofcom communications tracking survey

Despite an overall increase in take-up of the internet at home, consumers who have a visual, hearing or mobility impairment or are on a lower income (less than £11.5K) continue to be less likely than the general population to have the internet at home (see Figure 29).

2.2.14 Take-up of broadband – international comparisons

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

Figure 30: Take-up of broadband – international comparisons



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

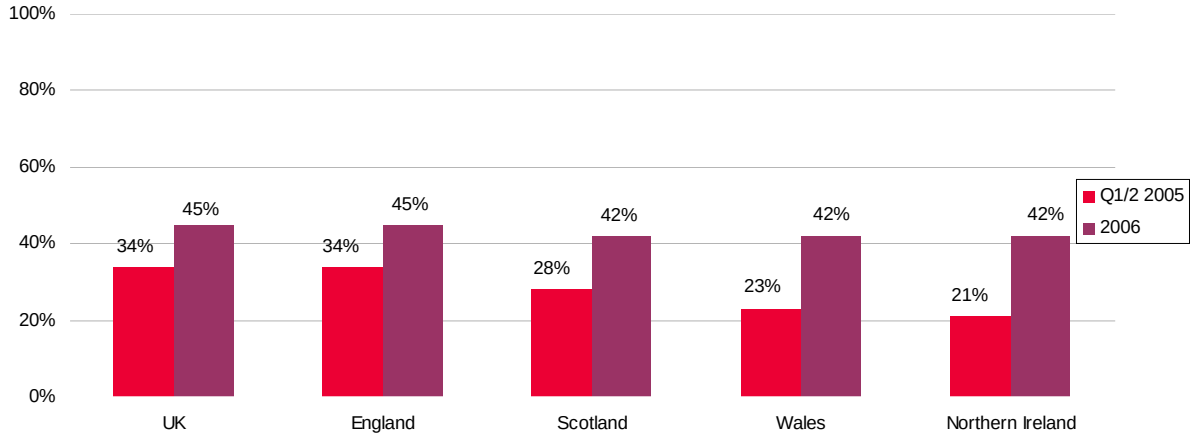
In 2003 the UK was ranked seventh in the number of broadband connections per head. Since 2003 the UK has moved to fifth place, overtaking the USA and France.

By 2006, with over 50% of households having broadband, the UK was ahead of most of the other large European countries and had a penetration level similar to earlier adopters such as the US and Japan. Almost universal availability (with over 99% of premises connected to DSL-enabled exchanges) and falling prices for broadband have resulted in an increase in UK penetration (up 13 percentage points since 2005).

2.2.15 Profile of consumers who have taken-up broadband connections

Figure 31 below shows a breakdown of take-up of broadband services across the nations of the UK.

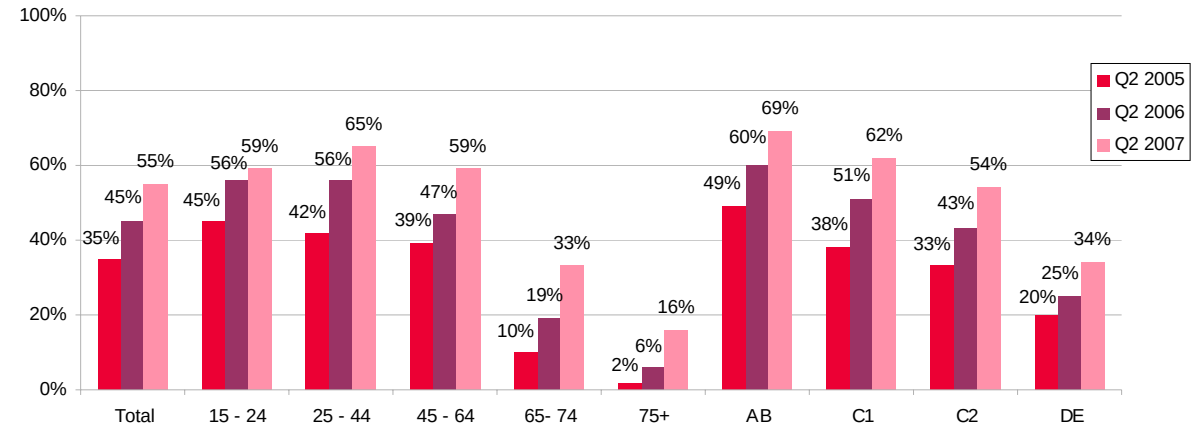
Figure 31: Nation profile of those who have broadband access at home[13]



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

Take-up of broadband at home has increased significantly across all of the nations. Take-up has been particularly strong in Scotland, Wales and Northern Ireland and is now comparable with take-up in England. This is consistent with increased take-up of the internet in general, and may be due to increased take-up in rural areas as well.

Figure 32: Age and socio-economic profile of those who have broadband access at home



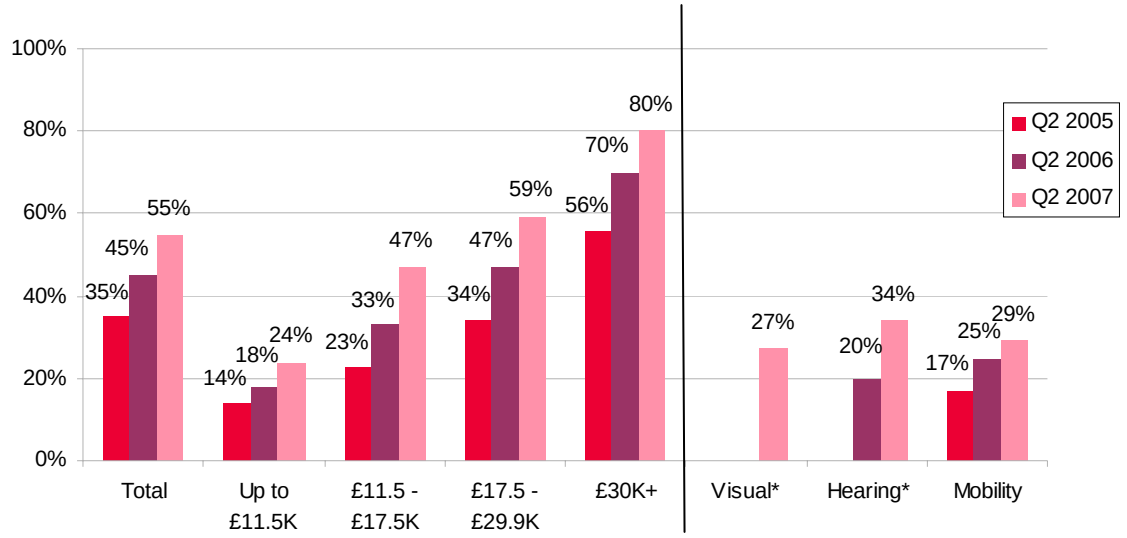
Base: All adults (Q2 2005, 2206) (Q2 2006, 2439) (Q2 2007, 2265)
Source: Ofcom communications tracking survey

Take-up of broadband has now reached over half of the population (55%), a significant increase from Q2 2006 (Figure 32). Take-up has increased particularly among 25+ year olds, and across all socio-economic groups.

In general growth in broadband take-up is higher than growth in internet take up, suggesting a significant part of the broadband growth is from internet consumers changing their connection from narrowband to broadband. Unlike the growth in internet take-up being particularly strong among 75+, growth of broadband is broadly consistent across ages.

[13] Please note different time periods are used in 2005 and 2006.

Figure 33: Income and disability profile of those who have broadband access at home



*Caution Small base size
Base: All adults (Q2 2005, 2206) (Q2 2006, 2439) (Q2 2007, 2265)
Source: Ofcom communications tracking survey

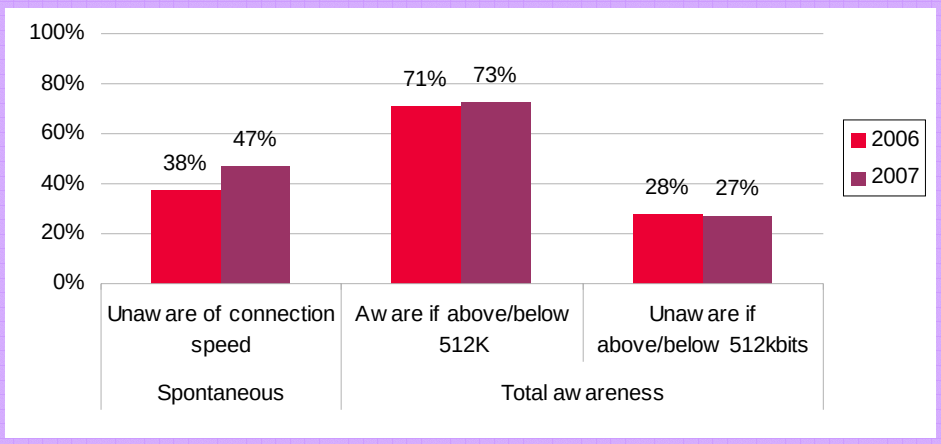
Take-up of home broadband access has increased across all income groups, with the biggest increases among those earning more than £11.5K. Despite increases, take-up among those earning less than £11.5K, and those with a visual, hearing or mobility impairment, is still significantly less than the average (Figure 33).

Faster growth in broadband take-up among those earning more than £11.5K differs from the growth trend in internet take-up which is similar across income groups.

Awareness of broadband subscription type

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

Figure 34: Level of awareness of internet connection speed



Base: All adults 15+ with a broadband connection (Q2 2006, 1025) (Q2 2007, 806)
Source: Ofcom communications tracking survey

Lack of awareness of connection speed has increased, with 47% unaware of their connection speed (up from 38% in 2006) (see Figure 34). This is perhaps not surprising;

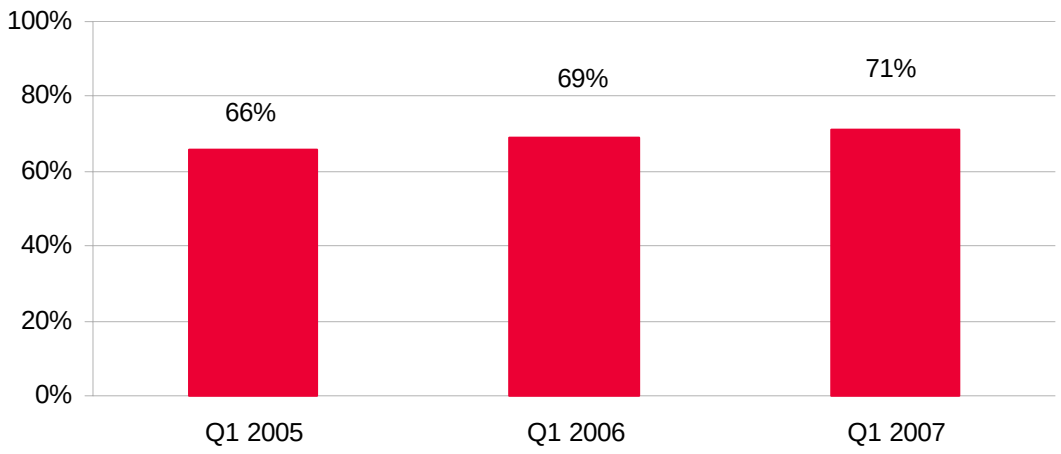
there has been recent press coverage of the issue of advertised maximum or headline speeds differing from actual speeds.

There is not a great deal of demographic variation between those who are aware of their internet speed and those who are unaware. The exception is a tendency for awareness to decrease as income decreases.

However, once prompted, there is little variation between 2006 and 2007 in consumers' awareness of whether speed is above or below the minimum broadband speed of 512K.

2.2.16 Use of internet services anywhere

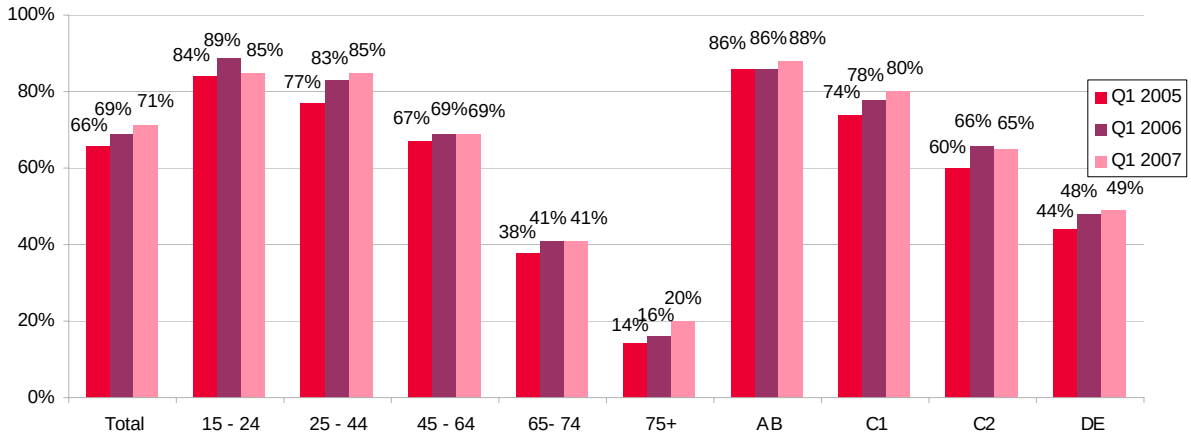
Figure 35: Use of the internet in any location



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

Use of the internet, in any location, has increased from 66% in 2005 to 71% in 2007, although it remained broadly stable over the last year (Figure 35).

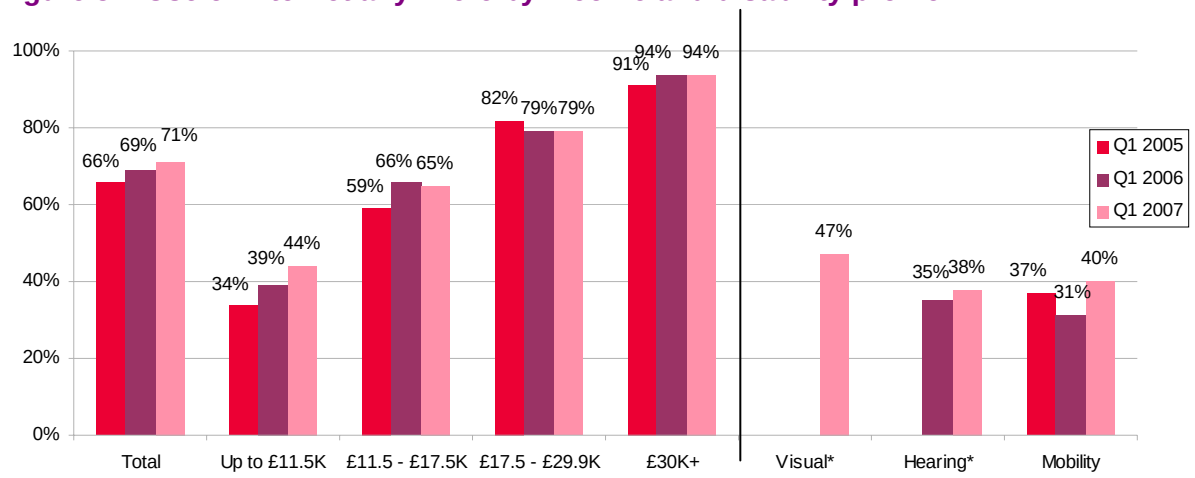
Figure 36: Use of internet anywhere by age and socio-economic group profile



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

The proportion of consumers accessing the internet in any location has remained fairly stable across all demographic groups. Over-65s and DEs have a lower level of take-up than the average population (see Figure 36).

Figure 37: Use of internet anywhere by income and disability profile

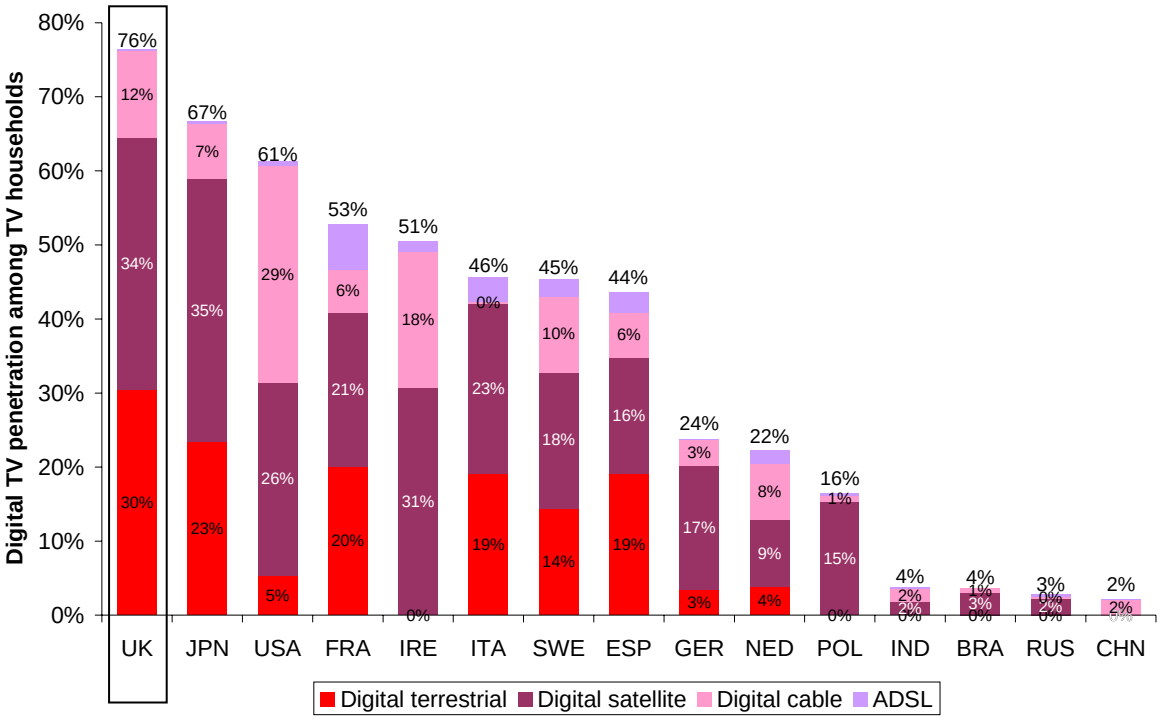


*Caution: Small base size
Base: All adults 15+ (2005, 2217) (2006, 2214) (2007, 2311)
Source: Ofcom communications tracking survey Q1 2007

There has also been little change across income groups in terms of taking up the internet. Consumers earning less than £11.5K are less likely than others to use the internet anywhere. Consumers with an impairment are also less likely than average to use the internet, although there has been a significant increase in take-up among those with a mobility impairment.

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

Figure 38: Take-up of digital television – International comparisons

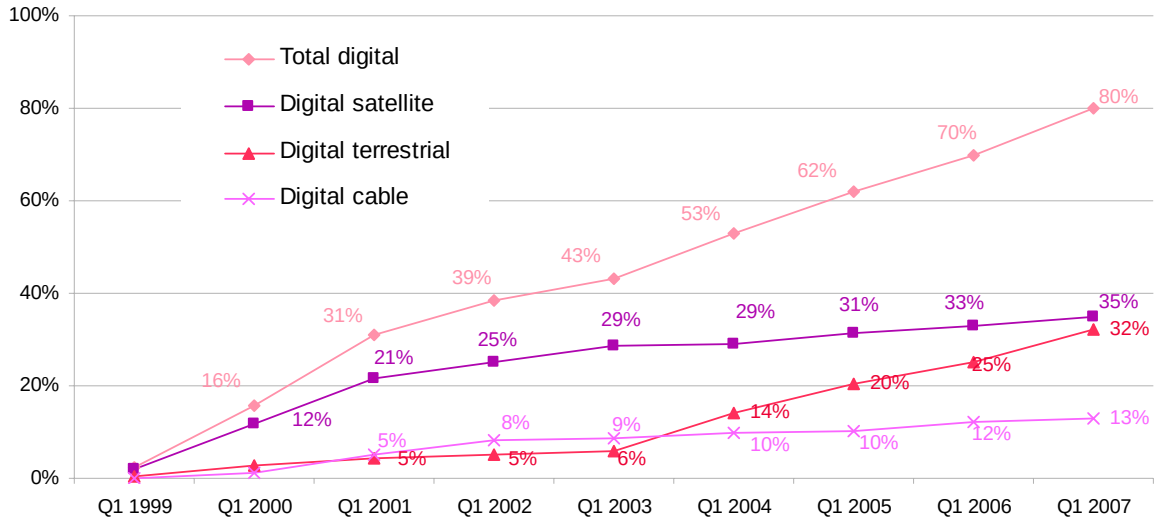


Source: Ofcom / national regulators 2006. Base: total population

Household penetration of digital TV is higher in the UK than in all other countries, as shown in Figure 38 above. Looking at individual platforms, the UK has the highest take-up of digital terrestrial services, the second highest take-up of digital satellite (after Japan), and the third highest cable take-up (after the US and Ireland).

2.2.18 Take-up of digital TV services by platform

Figure 39: Take-up of digital TV services (by platform)



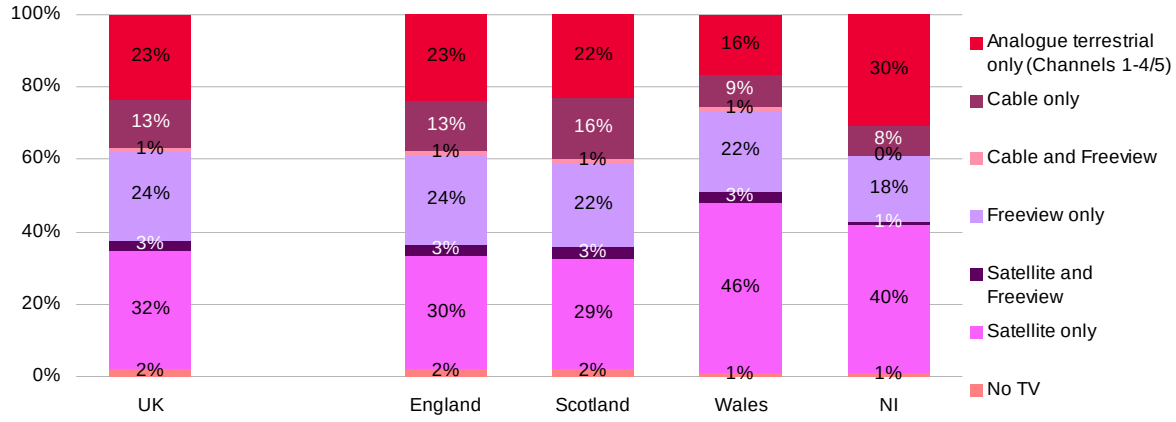
Source: Ofcom *Digital Television Update*, figures rounded up to whole %.

Figure 39 illustrates the continued growth of digital TV take-up, which rose from 70% in Q1 2006 to 80% in Q1 2007. Take-up has increased consistently year on year since 2003, mainly driven by the continued increase in digital terrestrial (Freeview) take-up.

2.2.19 Profile of owners of digital TV services

It is important to note that Figure 39 above shows household data provided by industry. It is not possible to derive demographic information from these data and therefore, consumer data is used in Figure 40, Figure 41 and Figure 42. Penetration figures will differ between the two data sources as one is subscription (industry figures) and the other is claimed (survey figures).

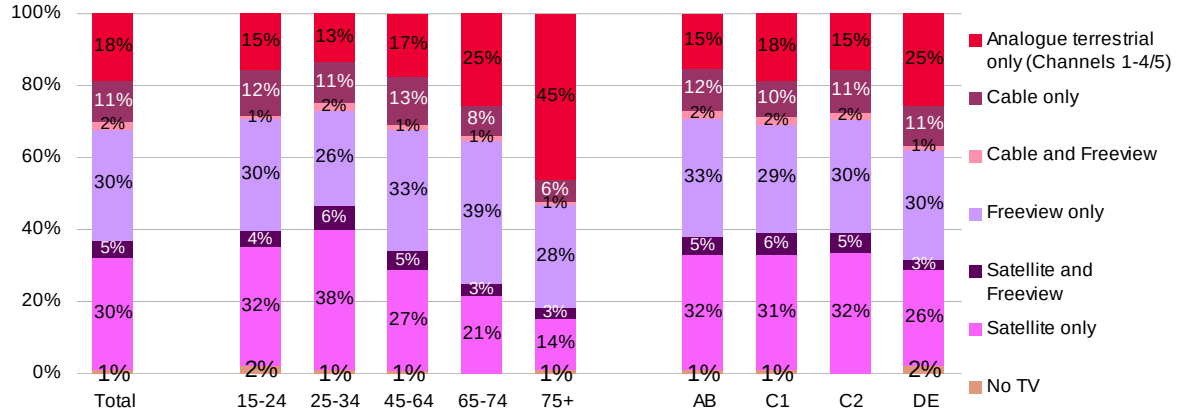
Figure 40: Multiplatform ownership by platform



Base: All adults 15+ (Annual 2006, 9134)
Source: Ofcom communications tracking survey

Take-up of satellite only services is significantly higher in Wales and Northern Ireland. The high penetration of satellite in Wales is due to the ability to receive full channel four service with a satellite as well as geography which affects Freeview and cable coverage.

Figure 41: Multichannel platform ownership by age and socio-economic group, by consumer

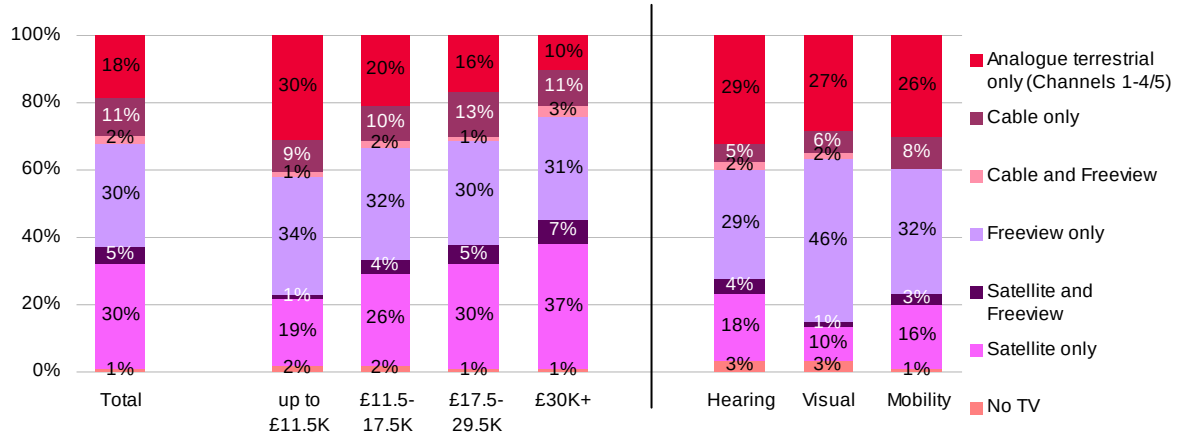


Base: All adults 15+ (Q2 2007, 2265)
Source: Ofcom communications tracking survey

The proportion of consumers who have Freeview has increased since 2006 across most age and socio-economic groups, with one exception; the 75+ year olds. Most 75+ year olds still only have analogue TV.

While satellite is most common among 25-34 year olds, Freeview take-up is highest among 65-74 year olds. There is little difference in platform take-up by socio-economic group, with the exception of DEs, who have a higher take-up of analogue and a lower take-up of satellite than the general population. Cable is relatively similar across groups, although there is a tendency for over-65s to be less likely to have it.

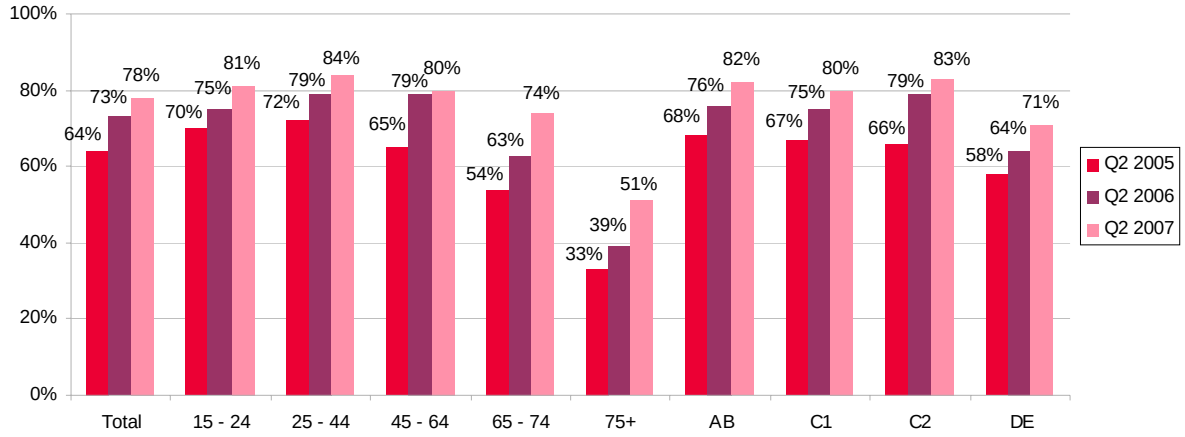
Figure 42: Multichannel platform ownership by income and disability, by consumer



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

While there is little difference in Freeview take-up across various income groups, the continued use of an analogue-only service is significantly higher among consumers earning less than £11.5K, and those with a hearing, visual or mobility impairment. Consumers with a visual impairment are also more likely than any other group to have Freeview only.

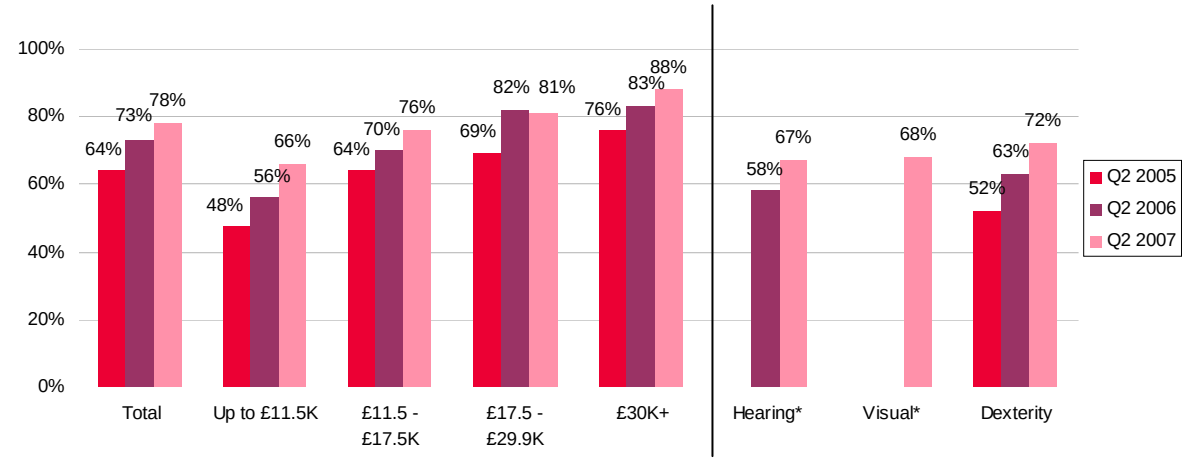
Figure 43: Age and socio-economic profile of digital TV owners



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

Take-up of digital TV platforms in general has continued to increase in the last 12 months, significantly among all age groups except the 45-64 year old group (Figure 43). Despite a comparatively high increase in take-up among 75+ year olds, take-up is still significantly lower than in the general population (51% versus 78% respectively).

Figure 44: Income and disability profile of digital TV owners

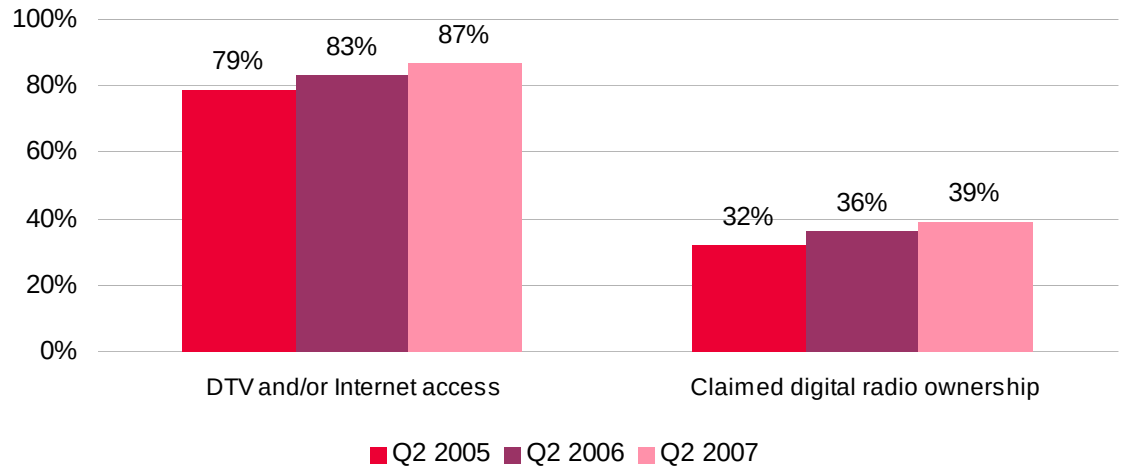


Caution: Small base size
Base: All adults 15+ (Q2 2005, 2206) (Q2 2006, 2439) (Q2 2007, 2265)
Source: Ofcom communications tracking survey

Take-up of digital TV has increased across most income groups with the exception of those earning £17.5-£29.9K, where there has been little change since 2006 (Figure 44). There have also been increases in take-up among consumers who have a hearing or mobility impairment, although across the hearing and visual impairment groups take-up is still lower than average.

2.2.20 Take-up of digital radio services

Figure 45: Take-up of digital services

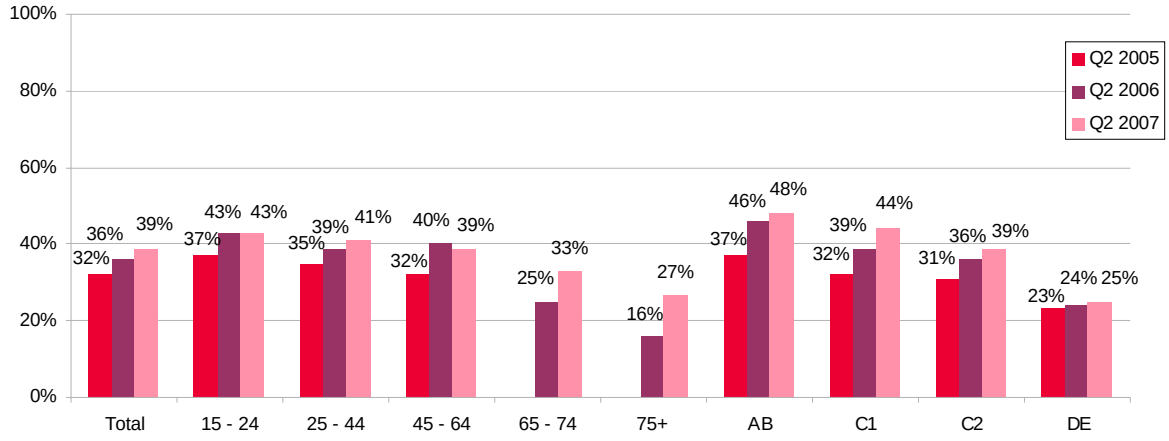


Base: All adults 15+ (Q2 2005, 2206) (Q2 2006, 2439) (Q2 2007, 2265)
Source: Ofcom communications tracking survey

Figure 45 shows that take-up of digital services is continuing to increase with a four percentage point increase in consumers having home access to digital TV and/or the internet. Take-up of digital radio has remained relatively stable, with 39% claiming to have access to it. Considering that 87% of consumers have access to digital TV or the internet, both of which enable access to digital radio services, this highlights the continuing lack of awareness among consumers of ways of accessing digital radio.

The following two figures illustrate the demographic profile of consumers who know they have access to digital radio services.

Figure 46: Age and socio-economic profile of owners aware that they have digital radio access



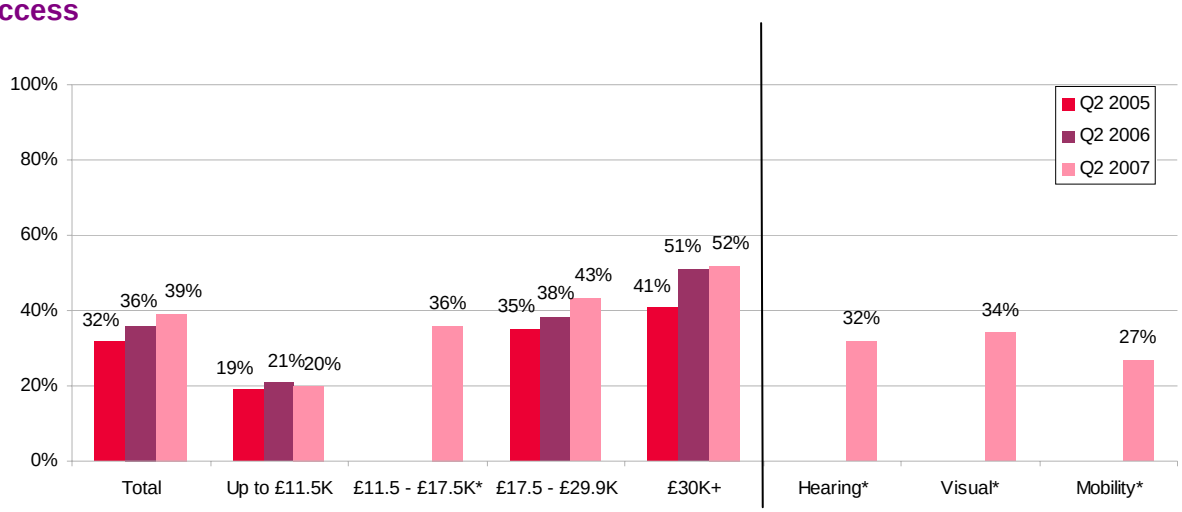
Base: All adults 15+ (Q2 2005, 677) (Q2 2006, 885) (Q2 2007, 646).
Source: Ofcom communications tracking survey

Take-up of digital radio services has remained at a broadly similar level (Figure 46).

There has been little change in take-up among the socio-economic groups, with the exception of C1s, where take-up has increased by five percentage points, and older

consumers. Among consumers aged 75+ there has been a significant increase in the proportion that has access to digital radio services.

Figure 47: Income and disability profile of owners aware that they have digital radio access



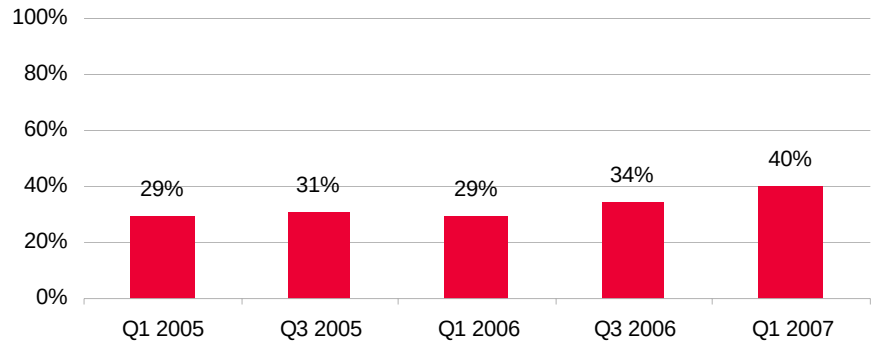
*Caution: Small base size
Base: All adults (Q2 2005, 677) (Q2 2006, 885) (Q2 2007, 646).
Source: Ofcom communications tracking survey

Consumers who earn over £17.5K are more likely to be aware that they have digital radio access, than others. However, consumers who have an impairment (whether hearing, visual or mobility), are less likely to be aware of it than the general population.

2.2.21 Take-up of bundled services

Since 2005 and the start of local loop unbundling (LLU), there has been an increase in the number of 'bundles[14]' or packages of communications services offered to consumers. This was particularly evident throughout 2006 with the launch of bundled offers, particularly in the areas of fixed-line and broadband, offering discounts for taking up two services together.

Figure 48: Percentage of consumers buying bundled services

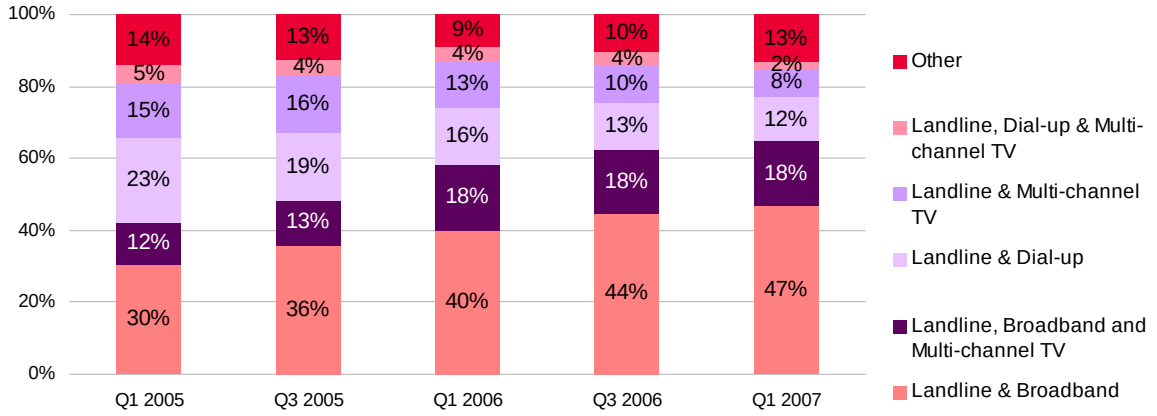


Base: All adults (Q1 2005, 2217) (Q3 2005, 2220) (Q1 2006, 2214) (Q3 2006, 2166) (Q1 2007, 2311.
Source: Ofcom communications tracking survey

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

There was little change in take-up of bundles until Q1 2006, but by Q3 2006 take-up had increased significantly. The latest data, illustrated in Figure 48, shows that this has increased again, and now two in five consumers have at least two of their communications services provided by the same supplier, a significant increase since 2006.

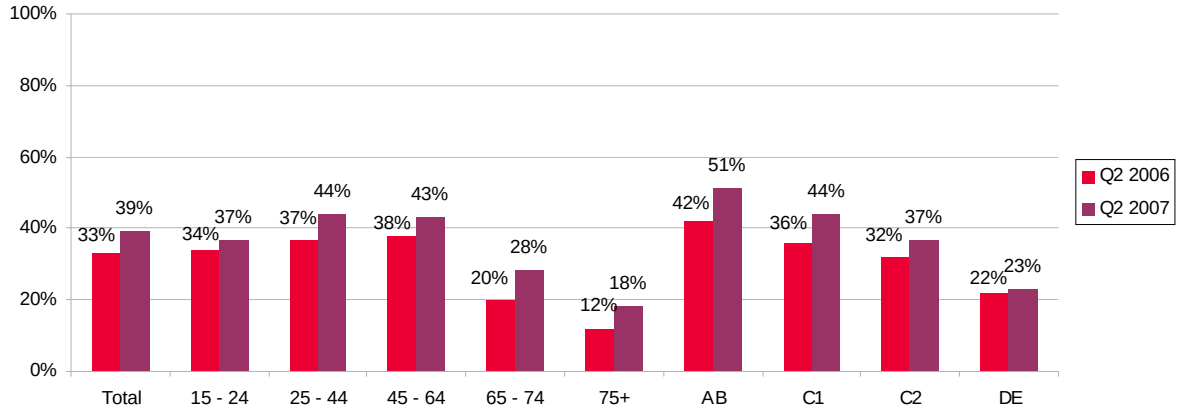
Figure 49: Trends in purchasing multiple communications services from a single supplier



Base: All adults who bundle at least two services (Q1 2005, 640), (Q3, 2005, 681), (Q1 2006, 686), (Q3 2006, 730), (Q1 2007, 914)
Source: Ofcom communications tracking survey

Having the same supplier for fixed-line and broadband services is the most common bundled service, followed by a triple play offer of fixed-line, broadband and multichannel TV (Figure 49). New combinations of services are increasing in the marketplace, including bundles involving mobile services, but these are still too few to report in any detail.

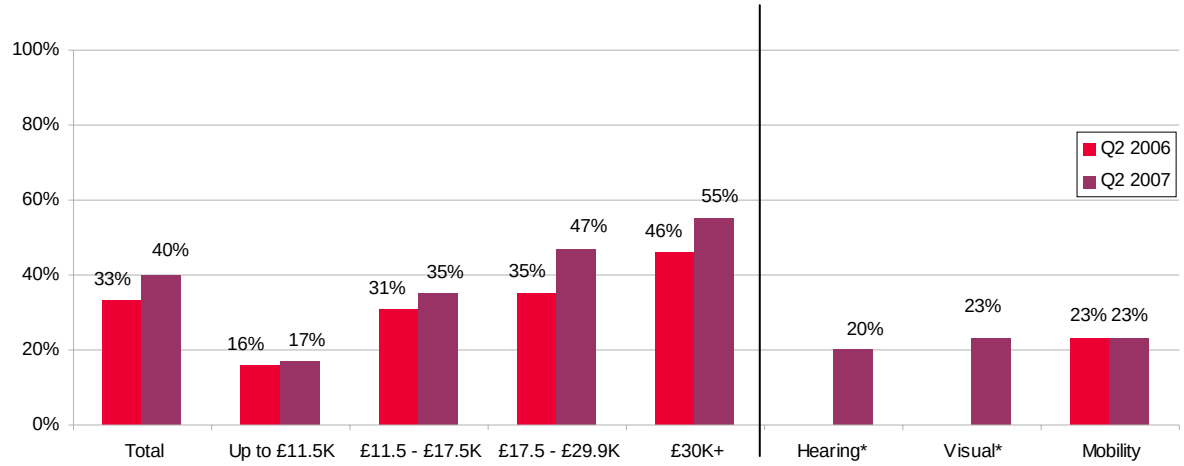
Figure 50: Age and socio-economic profile of owners of bundled communications services



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

There are a number of demographic differences in the take-up of bundled communications services (Figure 50). Take-up is highest among consumers aged less than 65 years and among ABC1s. Conversely, over-65s and those in the DE socio-economic group are significantly less likely than others to have any bundled communications services.

Figure 51: Income and disability profile of owners of bundled communications services



*Caution: Small base size
Base: All adults 15+ (Q2 2006, 2439) (Q2 2007, 2253).
Source: Ofcom communications tracking survey

The increase in bundled services is largely seen among those earning £17.5K+, while there has been little change in the take-up of bundled services among those earning less than £11.5K. Consumers who have a hearing, visual or mobility impairment are less likely than average to have any bundled communications services (20%-23% vs 40%).

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

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

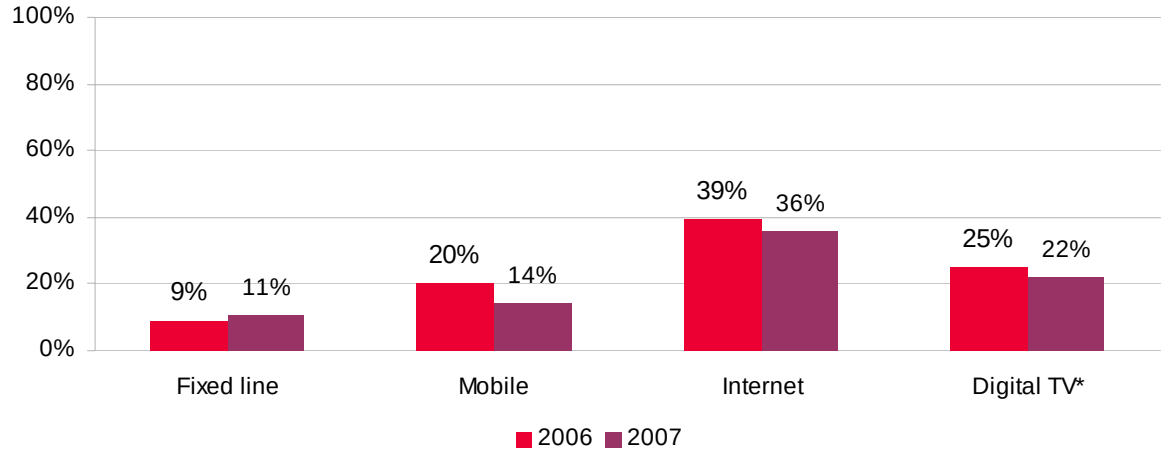
There are many possible reasons for not owning a particular communications service, and these generally fall into one of two categories; voluntary and involuntary. Voluntary non-ownership is where potential consumers do without services because they perceive they do not need them, or because they are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

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

2.3.1 Non-ownership of communications services

It is important to note in Figure 52 below that digital TV non-ownership data over time are shown for context only and are not comparable, because different surveys were used to collect the various sets of data.

Figure 52: Non-ownership of communications services



* First phase of digital TV time series data is 2005 and is sourced from the Consumer Panel Tracking Survey
Base: All adults 15+ (Q2 2006, 2439) (Q2 2007, 2265)
Source: Ofcom communications tracking survey

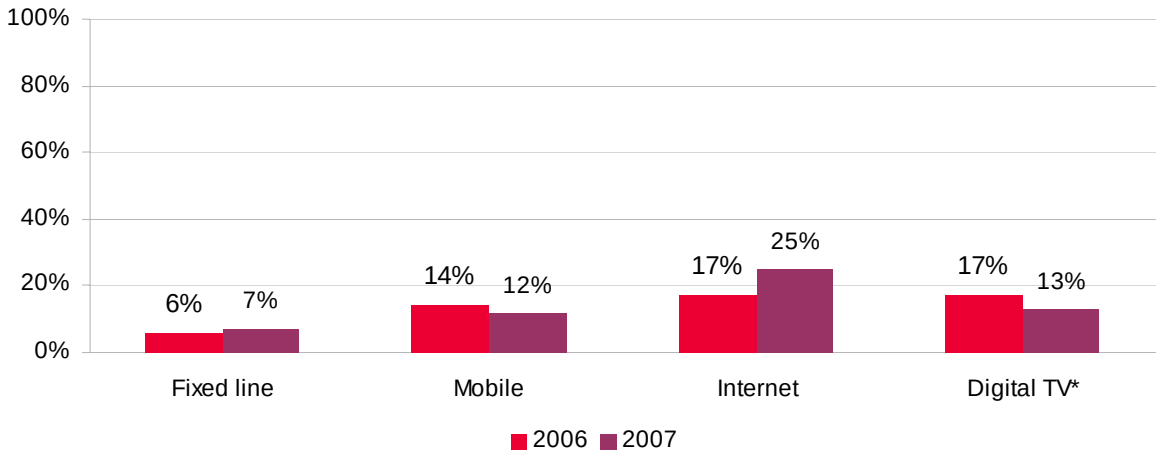
Q2 2007 data shows that 11% of consumers do not own a fixed-line (compared to 9% in 2006). Fourteen per cent of consumers do not personally own a mobile phone and, as in 2006, over-65s, and particularly over-75s, are more likely than others to say they do not own a mobile phone. In addition, consumers who earn less than £11.5K and who are in the DE socio-economic group are more likely to say they do not either personally own a mobile phone or have access to one in the household.

Just over one-third of adults do not currently have access to the internet at home – a three per cent decrease since 2006. Non-access to the internet is more common among over-65s, (particularly those over 75), those earning less than £11.5K, DEs, and those with an impairment, than other demographic groups.

In 2007 just over one-fifth of individuals stated that their household did not have digital TV. As with non-ownership of mobiles, those who do not have access to a digital TV service are more likely to be 75+, in the DE group, and/or earn less than £11.5K.

2.3.2 Intention of taking up communications services[15]

Figure 53: Do not intent to take-up services in the next 12 months



* First phase of digital TV time series data is 2005 and is sourced from the Consumer Panel Tracking Survey
Base: All adults 15+ (Q2 2006, 2439) (Q2 2007, 2265)
Source: Ofcom communications tracking survey

The percentage of consumers who do not intend to get access to the internet has increased, with nearly a quarter now stating that they do not intend to get it in the next 12 months. This increase could be due to the existence of a core group of resistant consumers; those who were likely to change their minds are already getting access.

Over one in ten consumers do not intend to get a mobile and 7% state they are unlikely to get fixed-line access in the next 12 months.

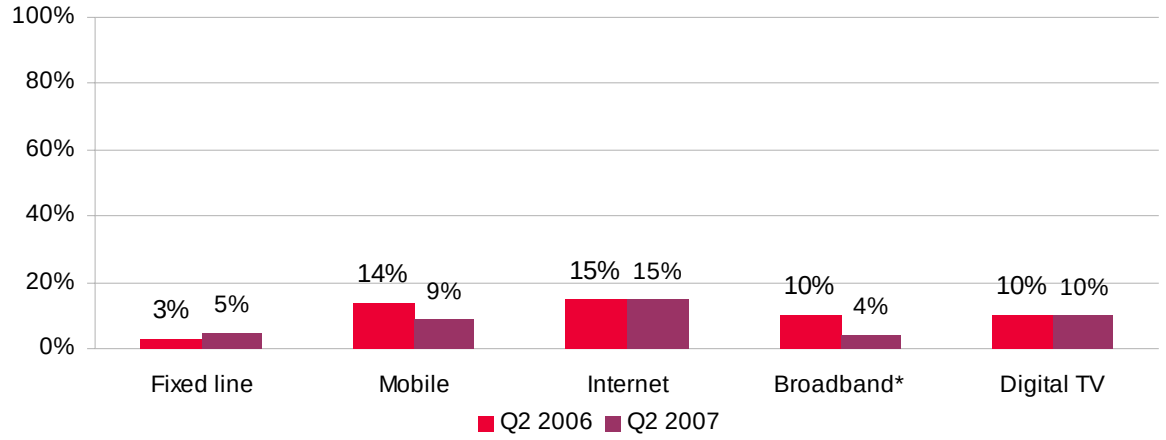
2.3.3 Voluntary non-ownership of communications services

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

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

[15] As noted earlier it is important to note that in Figure 53 below digital TV non-ownership data over time is shown for context only and is not comparable, because different surveys were used to collect the different data sets.

Figure 54: Voluntary non-ownership of communications services[16]



*Broadband data based on all adults 15+ with access to internet at home.
Base: All adults 15+ for fixed-line and internet (Q2 2006, 2439) (Q2 2007, 2265), All adults 15+ for mobile and digital TV (2005, 2689) (Q2 2007, 2265).
Source: Ofcom communications tracking survey (Ofcom Consumer Panel Survey for 2006 mobile and digital TV data).

The percentage of consumers who have not taken up fixed line or internet services for voluntary reasons has remained broadly stable between 2006 and 2007. Voluntary reasons for not subscribing to broadband have decreased from 10% in Q1 2006 to 4% in Q1 2007. This decrease will have been influenced by the overall increase in take-up of broadband, both in the population as a whole, and specifically among those with access to an internet connection at home.

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

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

Lack of need was also the main voluntary mention for not having internet access, while among internet users the most mentioned voluntary reason for not getting broadband was not using the internet enough.

“No need” and “happiness with current services” are the two main voluntary reasons given for not owning access to digital television services.

[16] In Figure 54 mobile digital TV data are indicative only and not comparable, because different data sources have been used.

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

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

Fixed-line: While there has been little change over time, voluntary reasons for not owning a fixed-line are highest among 15-24 year olds, DEs and those earning less than £17.5K.

Mobile phones: Voluntary reasons increase with age, and are significantly higher among over-65s than others. They are also higher among DEs and those earning less than £17.5K.

Internet: In the general population, there has been no change since 2006. Voluntary non-ownership is highest among over-65s and those earning less than £11.5K, as well as consumers who have a hearing or mobility impairment.

Broadband: Voluntary non-ownership of broadband among internet consumers has decreased since 2006. Among home internet users voluntary reasons for not having broadband is highest among over-65s.

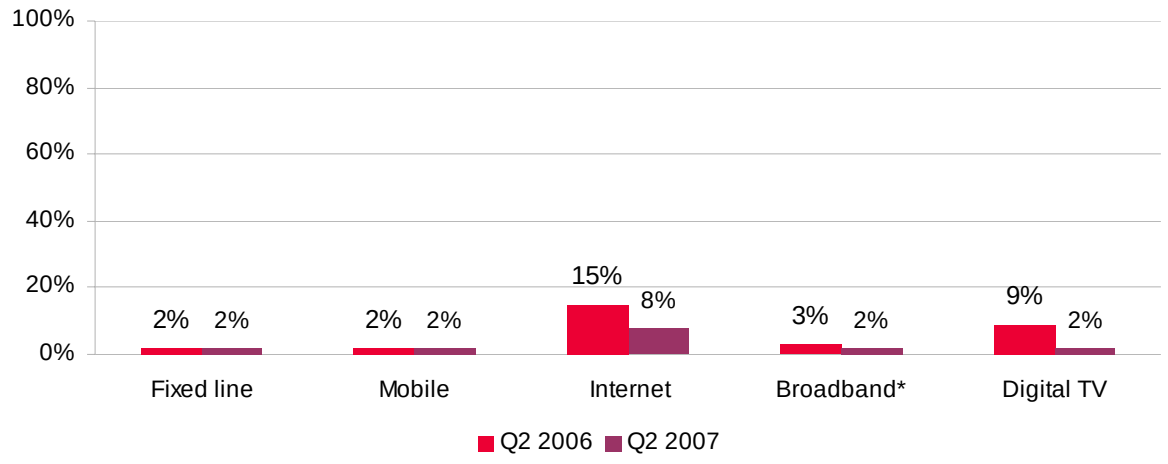
Digital TV: Non-ownership for voluntary reasons is significantly higher for over-75s (34% vs 10% in general population), those earning less than £11.5K and consumers who have an impairment (particularly a visual impairment).

See page 135 for a full demographic profile of voluntary and involuntary reasons for not owning specific communications services.

2.3.4 Involuntary non-ownership of communications services

Involuntary non-ownership is where potential consumers have not taken up a service but not through choice. Involuntary non-ownership is primarily due to affordability.

Figure 55: Involuntary non-ownership of communications services[17]



*Broadband data based on all adults 15+ with access to internet at home.
Base: All adults 15+ for fixed-line and internet (Q2 2006, 2439) (Q2 2007, 2265), All adults 15+ for mobile and digital TV (2005,

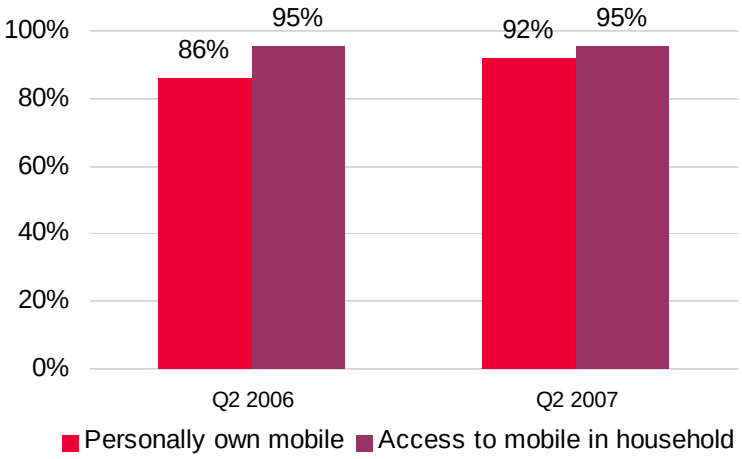
[17] It is important to note that in Figure 55 non-ownership data for mobile phones and digital TV over time are shown for context only and is not comparable, because different surveys were used to collect different data sets.

2689) (Q2 2007, 2265).
Source: Ofcom communications tracking survey (Ofcom Consumer Panel Survey for 2006 mobile and digital TV data).

There has been no change in the percentage of consumers who do not own a fixed-line for involuntary reasons; similarly there has been little change with regard to broadband. The percentage of consumers who do not have an internet connection for involuntary reasons has decreased from 15% in 2006 to 8% in 2007, possibly due to the introduction of bundles and competitive offers over the last 12 months has resulted in lower prices.

Non-ownership of a mobile phone and digital TV for involuntary reasons is 2% for each.

Figure 56: Access to mobile services among those who do not have access to a fixed-line



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

The majority of consumers living in a household without access to a fixed-line do personally use a mobile phone, a significant increase from 2006 (Figure 56).

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

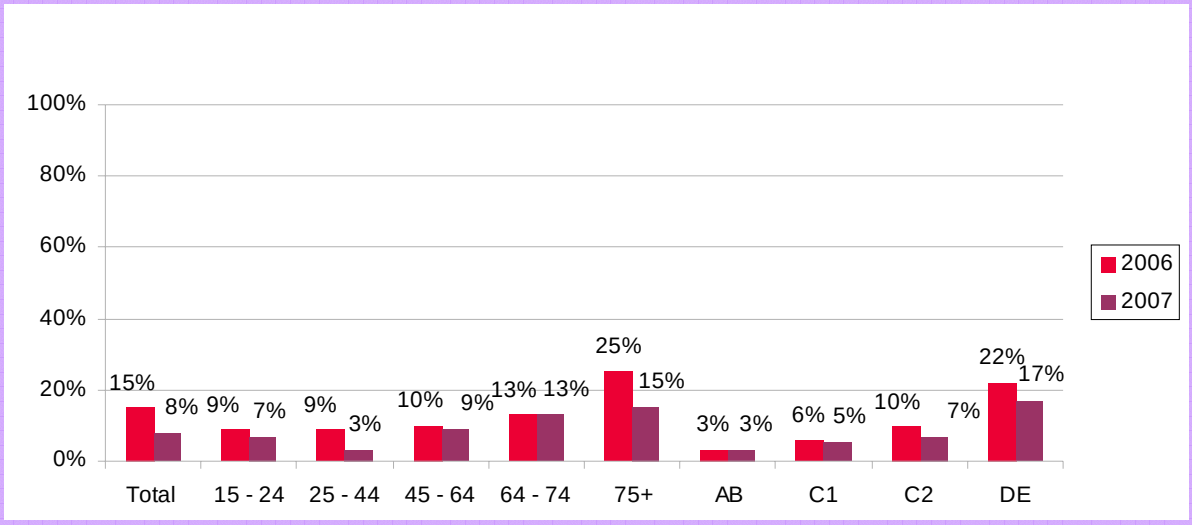
Problems with affordability is the main involuntary reason for not taking up a communications service.

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

Mobile phone: With the exception of 65-74 year olds and over-75s, there is little variation across age and socio-economic groups in the involuntary reasons given for not owning a mobile.

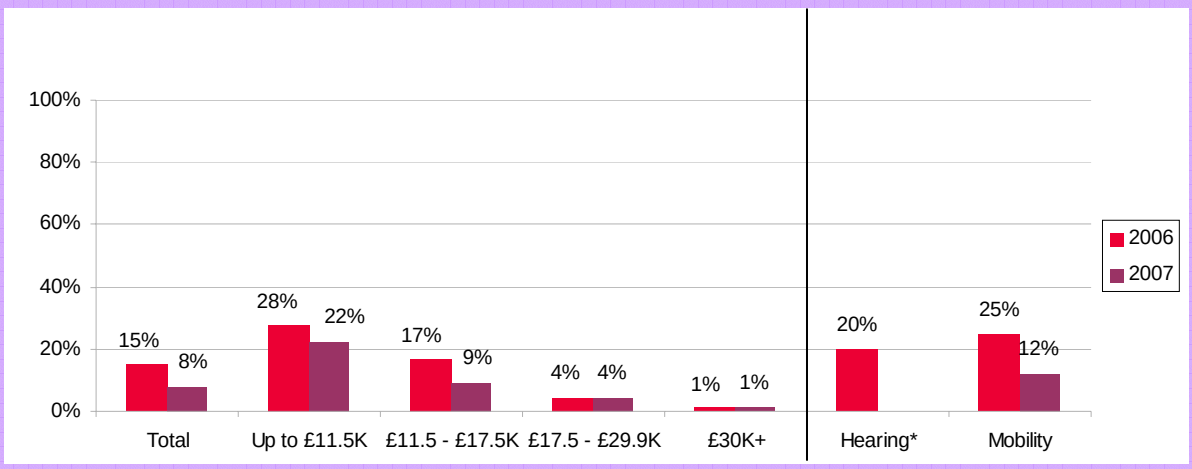
Internet: There was a decrease in 2007 in the percentages stating involuntary reasons among 25-44s, 75+ year olds, DEs and those with a hearing impairment (although these percentages are still higher than average). Those earning less than £11.5K were also more likely to state an involuntary reason for not having the internet.

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



*Caution: Base too small to analyse in 2006
Base: All adults 15+ (2006, 1335) (2007, 1547)
Source: Ofcom communications tracking survey Q1 2006 and 2007

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



*Caution: Small base size
Base: All adults 15+ (2006, 1335) (2007, 1547)

Broadband: There has been a significant decrease in the percentage of DEs who state involuntary reasons for not having a broadband connection.

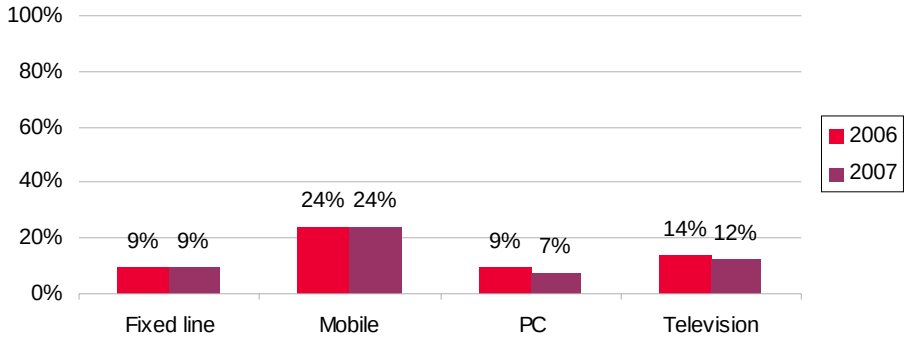
Digital TV: Older consumers (75+) are more likely than others to state involuntary reasons.

2.4 Consumer access metric 4: degree of difficulty using technology

2.4.1 Overall difficulty using technology

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

Figure 59: Difficulties using communications services



Base: All adults 15+ with fixed-line (Q2 2006, 2234) (Q2 2007, 1497). Mobile (Q2 2006, 2234) (Q2 2007, 768) PC (Q1 2006, 2214) (Q1 2007, 768) Television (Q1 2006, 2214) (Q1 2007, 1497)
Source: Ofcom communications tracking survey

As illustrated in Figure 59 there has been little change in the percentage of consumers who experience difficulty using communications services. Consumers are most likely to experience difficulties using a mobile phone, followed by television. A similar proportion (between 9% and 7%) experience difficulties using fixed-lines and PCs.

Being able to hear the person on the other end is the most mentioned difficulty (5%) for those using fixed-lines.

A variety of difficulties are experienced when using a mobile phone, with the most-mentioned problems being navigating the phone system (12%) followed by hearing (9%) visual and dexterity difficulties (7% each).

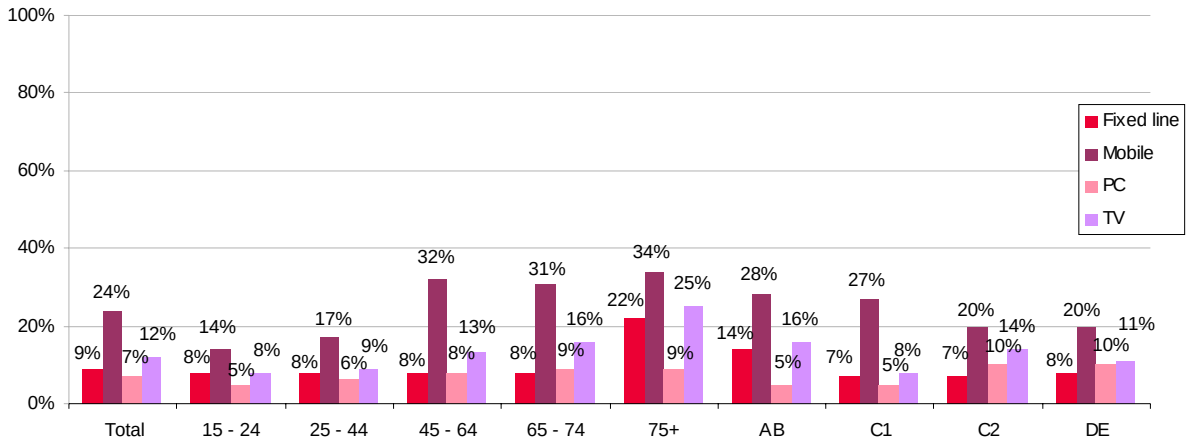
Using the mouse (4%) and keyboard (3%) were the most-mentioned difficulties experienced when using a PC.

Hearing the TV (8%) was the most-mentioned difficulty experienced with TVs, followed by difficulty seeing the TV (4%).

2.4.2 Profile of those who experience difficulties when using technology

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

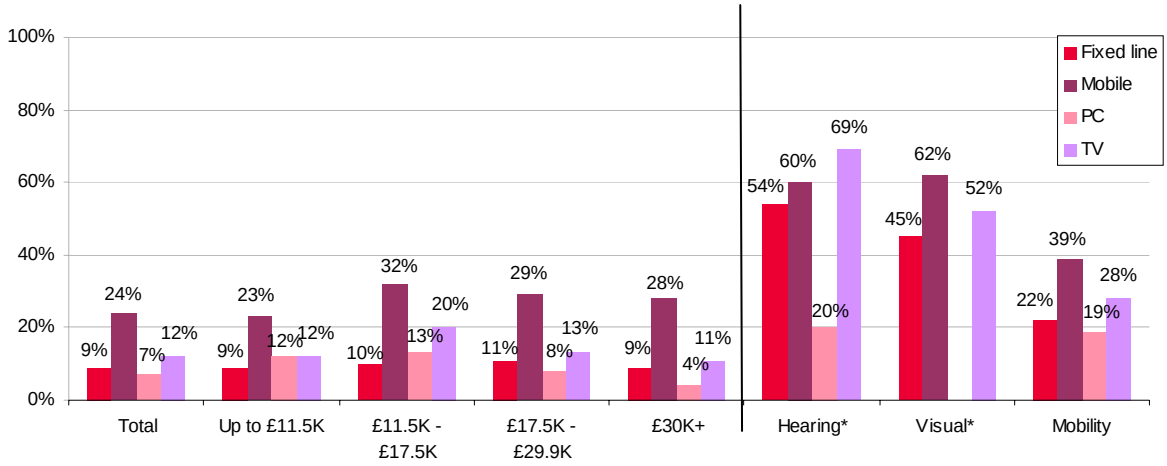
Figure 60: Difficulties using various communications services by age and socio-economic group



Base: All adults 15+ (Q1 2006, 2214) (Q2 2006, 2234) (Q1 2007, 1547) (Q2 2007, 1497)
Source: Ofcom communications tracking survey

Over-45s are more likely than others to experience difficulty using a mobile phone, as are ABC1s. Over-75s are more likely to experience difficulty using the television than any other age group (see Figure 60).

Figure 61: Difficulties using various communications services by income and disability



*Caution: Base to small to analyse
Base: All adults 15+ (Q1 2006, 2214) (Q2 2006, 2234) (Q1 2007, 1547) (Q2 2007, 1497)
Source: Ofcom communications tracking survey

Across income groups, those earning £11.5K+ are more likely to experience difficulties using a mobile phone, while those earning less than £17.5K are most likely to experience difficulty using a PC (see Figure 61).

Consumers with a mobility impairment are significantly more likely to experience difficulty using a mobile and twice as likely as the average to experience difficulty using a fixed-line, a PC or a TV. Consumers with a hearing or visual impairment are far more likely to experience difficulties using communications services than others.

Additional qualitative insights on consumers with hearing impairments

To investigate in depth the communications experiences of consumers with hearing impairments and those who earn lower incomes Ofcom commissioned two qualitative research studies. Where appropriate the results of the research are presented as insights through out the report.

Take-up of communications services

There was general agreement that communications services had improved in recent years for people with hearing impairments, but many respondents felt there was still more that could be done.

Consumer reaction tended to divide communications services into voice-based and text-based services. Many people with hearing impairments kept their personal use of fixed-line telephony to a minimum, due to the focus of this device on voice-based communication.

Mobile telephony, with its focus on text-based communication, was felt to have changed the lives of many people with a hearing impairment, and enabled them to communicate using a convenient, mainstream method.

Many people talked about using the internet to help them in their daily lives (for example online shopping, visiting chat rooms), and in some cases believed they used it more than the general population.

Difficulties using communications services

Consumers with hearing impairments reported difficulty using voice-based fixed-lines. Many respondents, especially those with severe/profound hearing impairments, felt that fixed-line telephony, with its focus on voice communication, had a necessarily limited role in their lives. People with hearing impairments told numerous stories of using a fixed phone and associated it with memories of embarrassing or uncomfortable voice-based failures of communication.

As with fixed-line phones, many of the respondents with more severe/profound hearing impairments avoided the voice function on their mobile phones. Indeed, problems with voice telephony were felt to be often worse on a mobile due to inferior sound quality and incompatibility with hearing aids. In addition some respondents reported having problems with hearing ringtones.

There were lots of examples, especially among consumers with mild/moderate hearing impairments, of people 'making do' rather than using additional/specialist equipment to enhance their experience of television. Typical scenarios included turning the television up very loud; adapting the tone; watching but not hearing; and asking friends/family to tell them what was happening.

*'I'm alright love I get along – I can't hear the television but I watch it and read the review in the Radio Times' (*70+, severe hearing impairment)

Non-ownership

There appears to be a general trend among consumers we spoke with to move away from fixed-line and towards other communication services which better suit their needs. Also, consumers reported that the prohibitive cost of specialist equipment and aids to facilitate

usage; for example text phones and caption telephony, affected their use of fixed-line services.

Take-up of mobiles was generally high across the sample but especially among those aged under 45. However, take-up of mobile telephony tailed off among older consumers, especially among those over 60 in the DE socio-economic groups.

The barriers included: a perception that mobiles were expensive; inertia and lack of interest; lack of confidence with the technology and specifically SMS; a perception there is a lack of compatibility with hearing aids; and general perceptions or experience of poor sound quality.

Many of those who had the internet at home commented that they perceived fewer hearing-impairment related barriers to take-up for the internet than for all the other communications services. Barriers to take-up of the internet among the older group and those from the lower socio-economic groups were much more likely to be general rather than hearing-impairment specific.

Reasons given for lack of take-up of digital television were mostly related to perceived lack of access due to location. A minority of people also claimed not to be interested in digital television or multichannel television because they perceived the subtitling to be of lower quality than on terrestrial television, especially on the commercial channels.

Additional qualitative insights on consumers earning less than £15K

Take-up of communications services

Of the consumers we spoke with take-up of communications services varied considerably among low income consumers and tended to be based on a range of different social and environmental factors, in which income was a consideration but by no means the key driver.

The effect of income level differed considerably across the sample. For those households within the higher income brackets (closer to £15k) income did not appear to affect their consideration in any way. For those on mid-level incomes (around £11.5k), income level was a consideration but often in conjunction with other influential factors such as family status. Unsurprisingly, those on the lowest incomes (c. £7k) – often young singles or families on full benefit or older people on state pensions – were most affected but, even among this audience, income level was rarely the only factor mentioned.

Other factors that had a strong influence on take-up were, variously: age; family status; working status; health; managing finances; changing circumstances / accommodation; and personality / lifestyle.

Fixed-lines appeared to be the standard voice channel for most households, as call charges were considered much cheaper than using PAYG mobiles. The vast majority of the sample also had mobile phones, including many of the over-60s, and almost all were on PAYG rather than contract. Evidently, PAYG was an ideal payment method for low income consumers and mobile take-up was widespread as a result.

Mobile contracts were largely avoided by everyone except a minority of those on higher / regular incomes. A large number had been on contracts in the past and had experienced difficulties with call costs and missed payments and so had reverted back to PAYG.

Take-up of the internet was widespread among singles on higher incomes and families with teenage children.

Non-ownership

For the majority of the sample, barriers to take-up were limited to the more general issues of inertia and lack of interest, rather than income levels or affordability. Communications services, with the possible exception of pay TV, appeared to be largely affordable for most low income consumers and decisions about take-up mainly concerned prioritising.

However, for those on the lowest incomes, income level was a significant issue, although it was rarely the only factor. There were a number of additional inter-related issues that, when combined, became significant barriers to take-up among those on the lowest incomes. These issues related to financial status, eligibility and financial management.

It should be noted that while all at this income level faced similar financial constraints, the effect on take-up was felt only by younger consumers, who were most likely to be interested in taking up services beyond fixed-lines and mobiles. Pensioners, who comprised a sizeable proportion of this income level, were generally not interested in new services and so, for them, these issues were not real barriers to take-up.

A significant number of those on the lowest incomes did not have a bank account and they saw this as a significant barrier to take-up of new services

Section 3

Consumer choices and range

Overview and objectives

The ‘consumer choices and range’ metrics show consumer awareness of the choices of communications services available. We also explore their use of communications services and suppliers, their purchasing behaviour and satisfaction, and the range of operators available in the market.

This section also provides an overview of the prices of communications services available in the UK and how these have changed over time. Wherever possible, we have also provided international comparisons, both for take-up and prices.

Consumer choices and range metrics

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

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

Please note that in order to provide sub-analysis for the three impairment groups shown in this report it was necessary to use Q1 and Q2 data combined, while all other analysis is based on the quarter stated in the notes underneath each graph.

3.1 Consumer choices and range metric 1: range of operators available

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

Table 1: Range of operators in the communications market

	2006	2007
Bundled operators+	Data not available	13
Fixed-line	122	118
Mobile - MNOs	5	5
Mobile - MVNOs	>100	>100
Internet	700	700
Television channels	354	433
PSB channels	12	12
Private channels	342	421
TV platforms providers	5	5
Radio* - Analogue services	337	347
Radio -Simulcast on DAB	166	129
Radio- DAB only	50	40

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

3.1.1 Bundled service operators

At least 13 operators are offering multiple communications services. Three operators offer bundles of services that are interdependent (for example, a fixed-line and multichannel TV bundle, where the customer has to take both services to get the advertised price) (Table 1).

3.1.2 Fixed-line operators

There are 118 operators in the fixed-line market. This is at a similar level to 2006 (Table 1).

3.1.3 Mobile operators

The number of operators in the mobile phone market has not changed significantly since 2006. As reported last year, within the mobile services market there are five mobile network operators (MNOs); Vodafone, Orange, T-Mobile, O2 and 3. In addition there are over 100 virtual mobile network operators (MVNOs). A MVNO is a company which buys airtime from one of the five network operators and resells it under a different brand name. For example, Virgin uses the T-Mobile network and OneTel uses the Vodafone network (Table 1).

3.1.4 Number of internet service providers (ISP) available

The latest data available to Ofcom was collected in 2006 and indicates there are around 700 ISPs in the UK internet market (Table 1).

3.1.5 Television channels

There are 433 television channels available to consumers in the UK, an increase from 348 channels in 2006. Twelve of these are public service channels and the remaining 421 are private channels (Table 1).

3.1.6 Radio stations

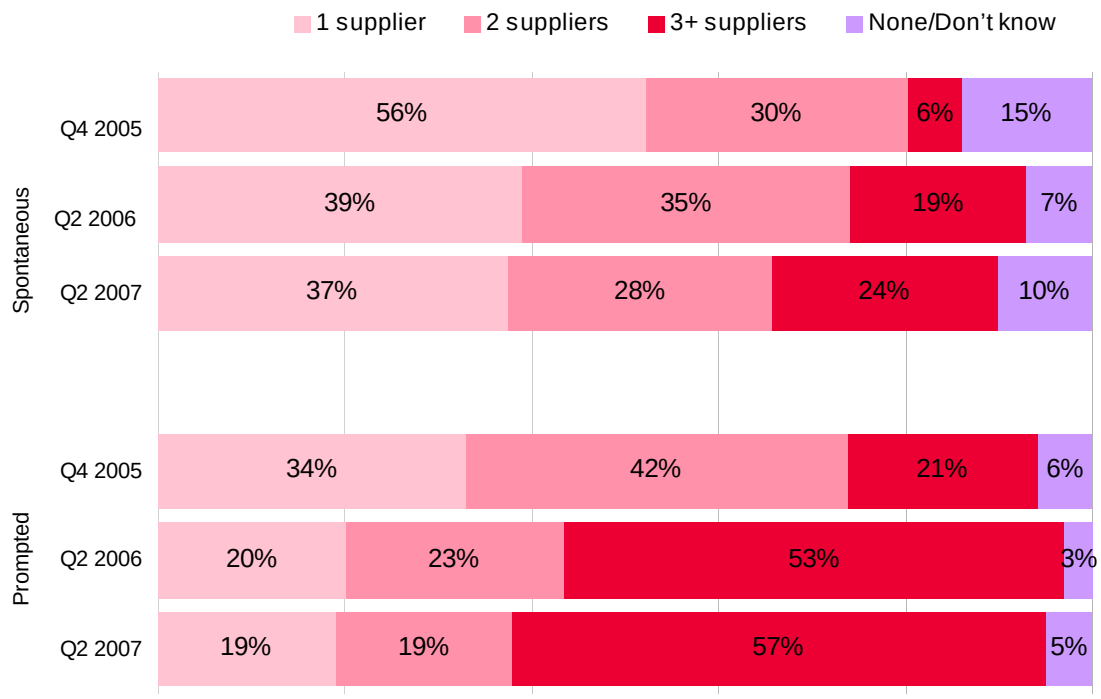
There are 347 analogue services in the UK. There are also 129 stations that are simulcast on DAB and 40 stations are broadcast only on DAB (Table 1).

3.2 Consumer choices and range metric 2: awareness of suppliers

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

3.2.1 Awareness of fixed-line suppliers, over time

Figure 62: Spontaneous and prompted awareness of fixed-line suppliers, over time



Base: All adults 15+ (Q4 2005, 1925) (Q2 2006, 2234) (Q2 2007, 1497)
Source: Ofcom communications tracking survey

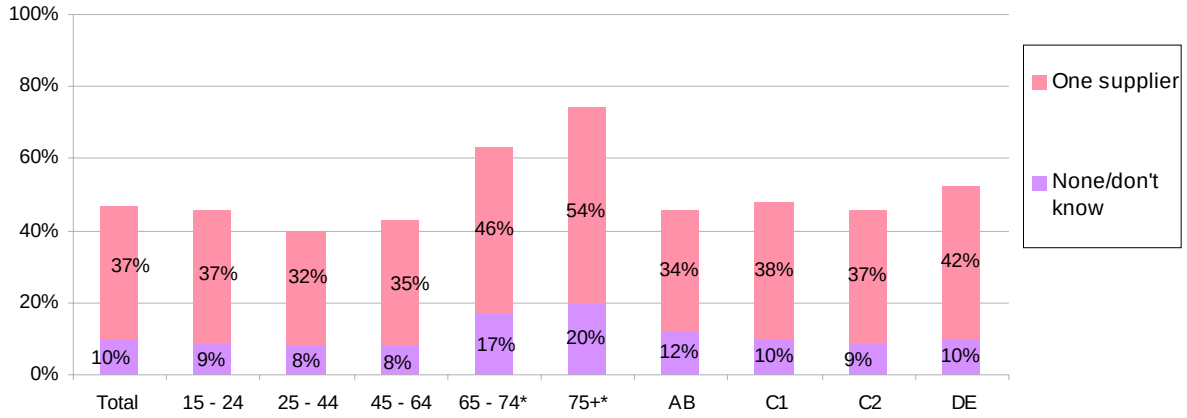
Spontaneous awareness of multiple suppliers increased significantly between 2005 and 2006. There has been a further increase between 2006 and 2007 of five percentage points in awareness of three or more suppliers. However, the proportion of consumers who are aware of only one supplier is broadly similar (39% vs 37% respectively).

Prompted awareness of suppliers remained fairly similar between 2006 and 2007, with over half of fixed-line consumers being aware of three or more suppliers.

3.2.2 Awareness of fixed-line suppliers, by demographic group

In this section we show the demographic profile of consumers who are aware of just one supplier or who are not aware of any suppliers. It is important to identify consumers whose lack of awareness of suppliers may effect their participation in the market. As mentioned earlier, awareness of suppliers in a competitive environment is essential to ensure consumers are able to make informed choices.

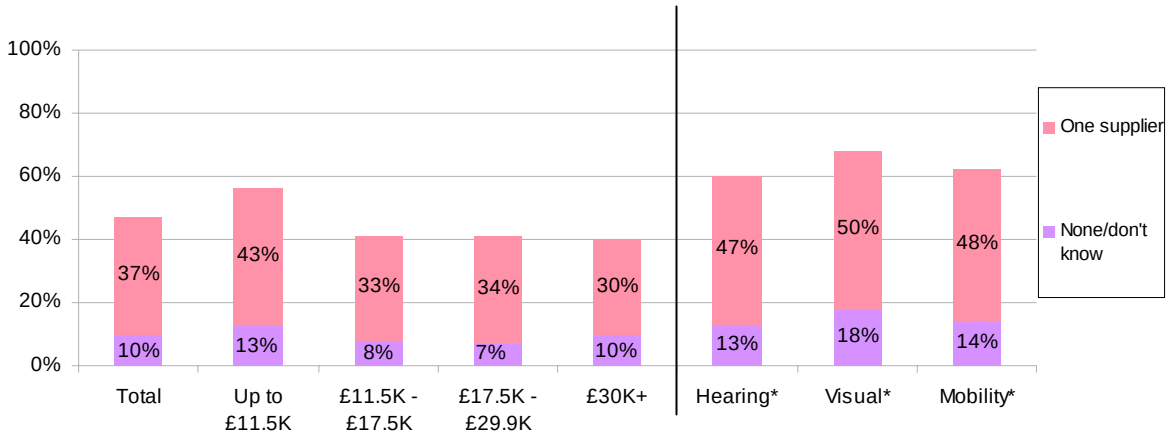
Figure 63: Spontaneous awareness of fixed-line suppliers, by age and socio-economic group



*Caution: Small base size
Base: All adults 15+ with a fixed-line (Q2 2007, 1319)
Source: Ofcom Communications Survey

Consumers who are over 65 are more likely than others to have a low level of spontaneous awareness, with around half being aware of only one supplier. While the lack of awareness does not differ greatly by socio-economic group, those in the DE group are the most likely to spontaneously name only one supplier (Figure 63).

Figure 64: Spontaneous awareness of fixed-line suppliers, by income and disability



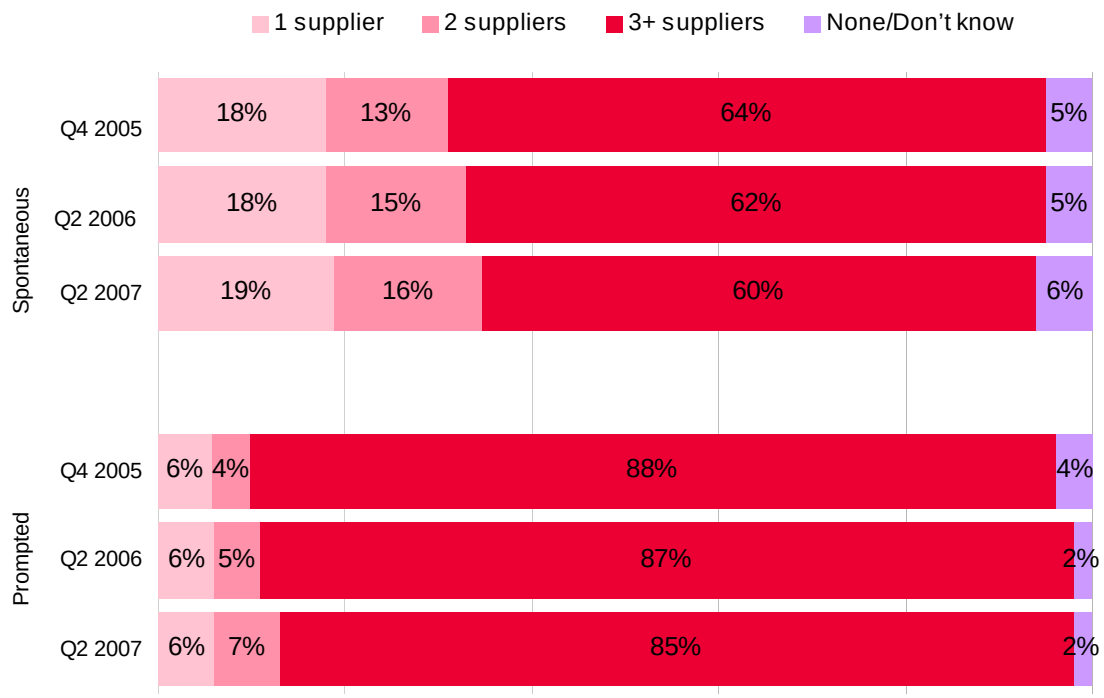
*Caution: Small base size
Base: All adults 15+ with a fixed-line (Q2 2007, 1319)
Source: Ofcom Communications Survey

Consumers earning less than £11.5K are more likely to be aware of one supplier, as are those with an impairment. Consumers who have a visual impairment are also more likely than others to say they don't know, and to be unable to spontaneously name a fixed-line supplier (Figure 64).

Demographic differences in prompted awareness are similar to those noted for spontaneous awareness.

3.2.3 Awareness of mobile suppliers, over time

Figure 65: Spontaneous and prompted awareness of mobile suppliers, over time



Base: All adults 15+ with a mobile (Q4 2005, 1700) (Q2 2006, 1696) (Q2 2007, 1301)
Source: Ofcom communications tracking survey

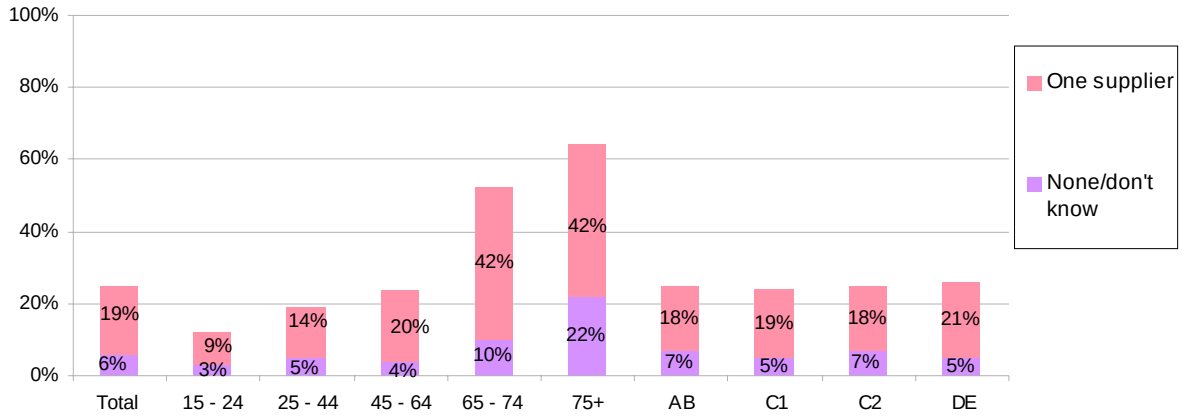
Nearly one-fifth of consumers with a mobile phone are spontaneously aware of one supplier and 6% are unaware of any.

There have been few variations in the level of awareness of mobile suppliers, whether spontaneous or prompted (see Figure 65). Three in five consumers are spontaneously aware of three or more suppliers, while over four in five are aware of three or more when prompted.

Awareness of multiple mobile suppliers is higher than the level of awareness of either fixed-line or broadband suppliers.

3.2.4 Awareness of mobile suppliers, by demographic group

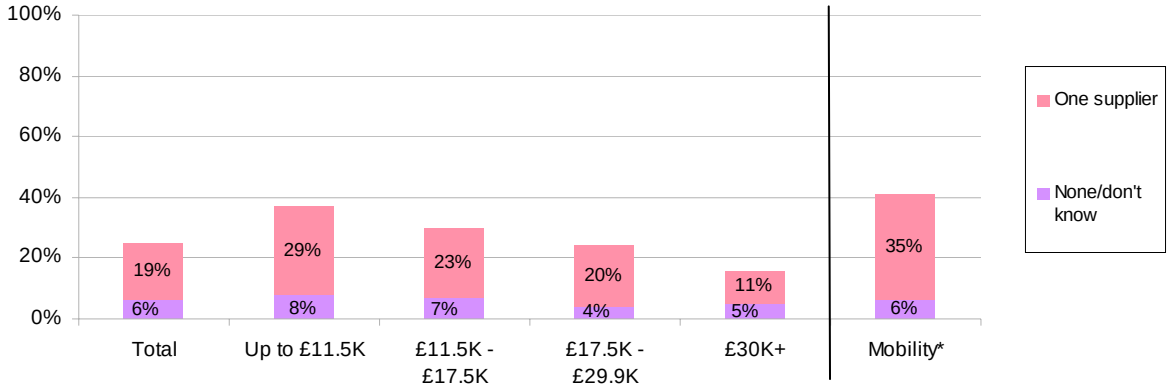
Figure 66: Spontaneous awareness of mobile suppliers, by age and socio-economic group



Base: All adults 15+ with mobile service (Q2 2007, 1301)
Source: Ofcom communications tracking survey

The levels both of 'don't knows' and awareness of one supplier is significantly higher among over-75s compared with the general population. There is little other socio-economic group variation or change since 2006.

Figure 67: Spontaneous awareness of mobile suppliers, by income and disability



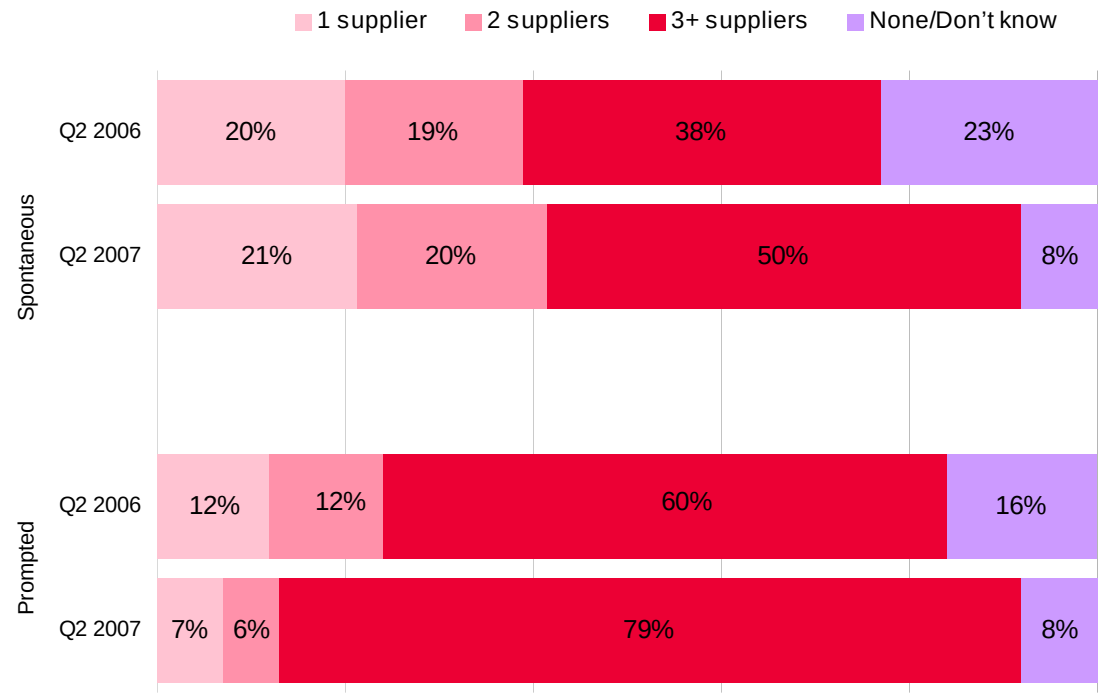
* Caution: Small base size
Base: All adults 15+ with mobile service (Q2 2007, 1301)
Source: Ofcom communications tracking survey

Consumers earning less than £17.5K are more likely than other income groups to be aware of only one supplier, while over a third of consumers with a mobility impairment are aware of only one supplier.

In terms of prompted awareness, there is a similar pattern with regard to age (older consumers are less aware), and little variation across other demographic groups.

3.2.5 Awareness of broadband suppliers, over time

Figure 68: Spontaneous and prompted awareness of broadband suppliers, over time



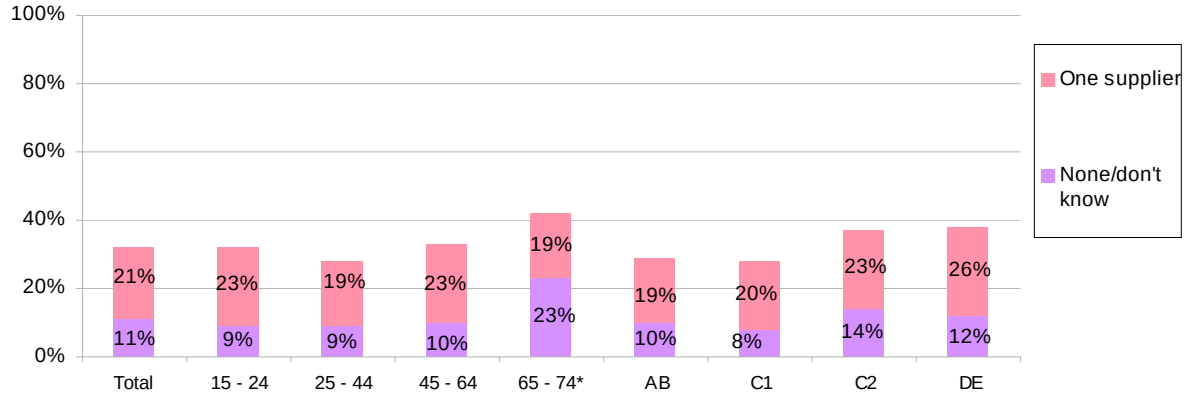
Base: All adults 15+ with broadband access (Q2 2006, 1267) (Q2 2007, 824)
Source: Ofcom communications tracking survey

Spontaneous awareness of multiple broadband suppliers has increased significantly, with half of all broadband consumers now aware of three or more suppliers (up from 38% in 2006). Consequently, there has been a significant decrease in the level of 'don't knows'. When prompted, 79% of consumers are aware of three or more suppliers, again a significant increase since 2006 (Figure 68).

This increase in awareness of suppliers is consistent with an increase in broadband take-up in general.

3.2.6 Awareness of broadband suppliers, by demographic group

Figure 69: Spontaneous awareness of broadband suppliers, by age and socio-economic group



* Caution: Small base size.
Base: All adults 15+ with internet access at home (Q2 2007, 824)
Source: Ofcom communications tracking survey

There are few variations in awareness across the demographic groups, either for spontaneous or prompted awareness. The exceptions are:

- over one-fifth of 65-74 year olds say they don't know of any suppliers; and
- consumers earning less than £17.5K are more likely than higher income groups to say they don't know of any suppliers, or to be aware of only one.

3.3 Consumer choices and range metric 3: satisfaction with communications services

3.3.1 Satisfaction with overall services from communications supplier

Figure 70: Satisfaction with overall services from communications supplier, over time

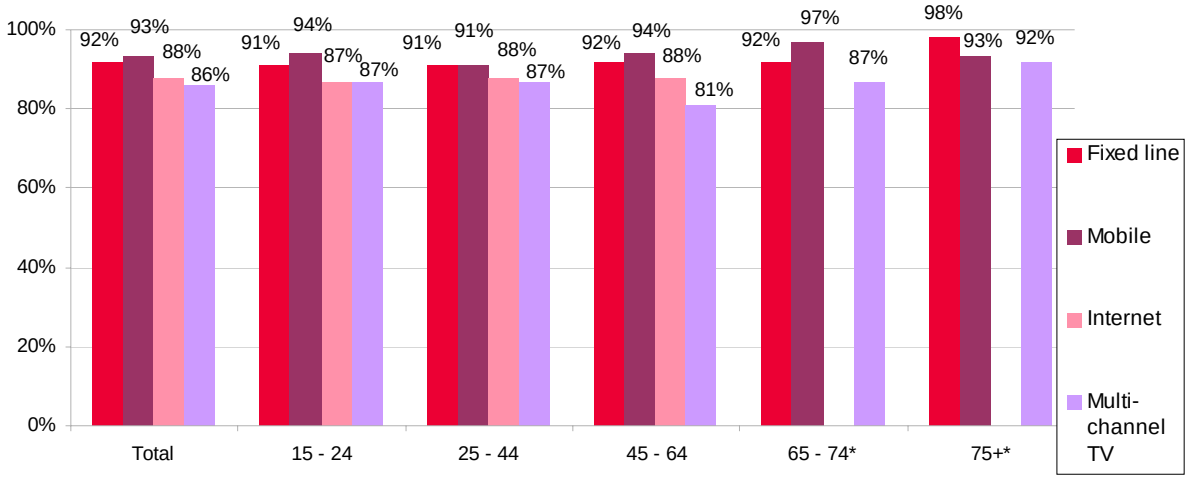
Base: All adults 15+ with a service who expressed an opinion on fixed-line (Q2 2005, 1896) (Q2 2006, 2198) (Q2 2007, 1329) mobile (Q2 2005, 1791) (Q2 2006, 1862) (Q2 2007, 1273) narrowband (Q1 2006, 337) (Q1 2007, 129) broadband (Q1 2006, 830) (Q1 2007, 727) multichannel TV (Q1 2006, 1778) (Q1 2007, 1211)
Source : Ofcom communications tracking survey

Over nine in ten fixed-line and mobile users are satisfied with the overall service they receive. Among internet and digital TV consumers' satisfaction is lower, with around eight in ten consumers being very or fairly satisfied.

Satisfaction with fixed-line, mobile and digital TV services have remained at similar levels since 2006. The percentage of consumers who are very satisfied with their broadband supplier has decreased by six percentage points, while it has increased among narrowband customers.

3.3.2 Satisfaction with overall services from communications suppliers, by demographic group

Figure 71: Satisfaction with overall services from communications suppliers, by age



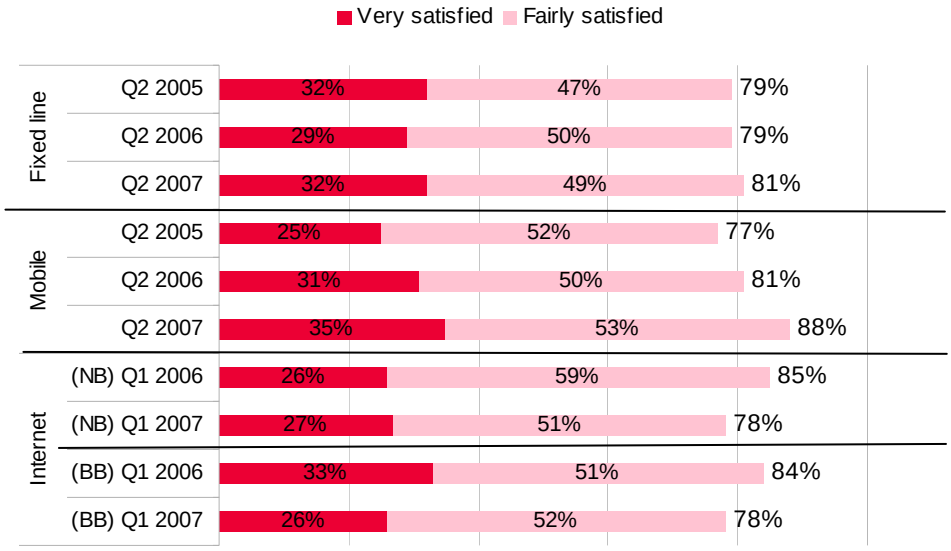
* Caution: Small base size.
Base: All adults 15+ with a service who expressed an opinion on (fixed-line Q2 2007, 1329) (mobile Q2 2007, 1273) (internet Q1 2007, 928) (multichannel TV Q1 2007, 1211)
Source: Ofcom communications tracking survey

In general there are few demographic variations in satisfaction with overall services. The exception is a tendency for over-75s to have higher levels of satisfaction with fixed-line telephony and multichannel TV providers than other groups (Figure 71).

There is little variation in satisfaction across socio-economic or income groups. However, consumers who have a hearing, visual or mobility impairment are less likely to be satisfied than the general population (81%-87% vs 92%) (Annex 2).

3.3.3 Satisfaction with value for money, over time

Figure 72: Satisfaction with value for money, over time



Base: All adults 15+ with a service who expressed an opinion on fixed-line (Q2 2005, 1829) (Q2 2006, 2001) (Q2 2007, 1259) mobile (Q2 2005, 1742) (Q2 2006, 1831) (Q2 2007, 1237) narrowband (Q1 2006, 320) (Q1 2007, 121), broadband (Q1 2006,

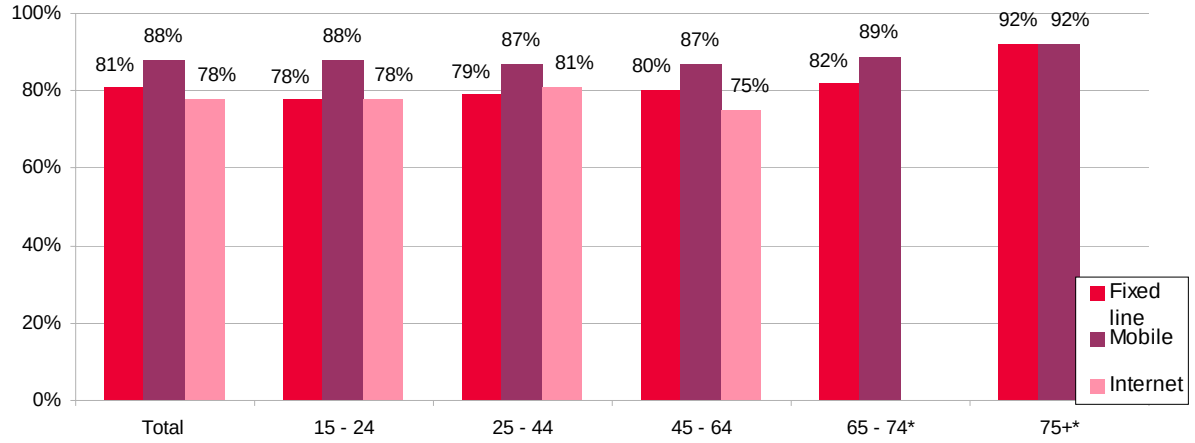
793) (Q1 2007, 692)
Source : Ofcom communications tracking survey

Figure 72 shows that satisfaction with value for money has remained stable among fixed-line consumers and has continued to increase among mobile consumers. Satisfaction with value for money has decreased significantly among broadband consumers, driven by a decrease in those who were very satisfied.

The decrease in satisfaction is not just about the cost of broadband, because over time we are seeing the cost of broadband to households is decreasing (Figure 77). Although we did not investigate reasons for satisfaction in the survey, possible reasons for the fall in satisfaction may include rising expectations of further price drops, awareness of connection speed issues, service issues such as tag-on-line, slamming and MAC codes (see section 5.1 for further details).

3.3.4 Satisfaction with value for money, by demographic group

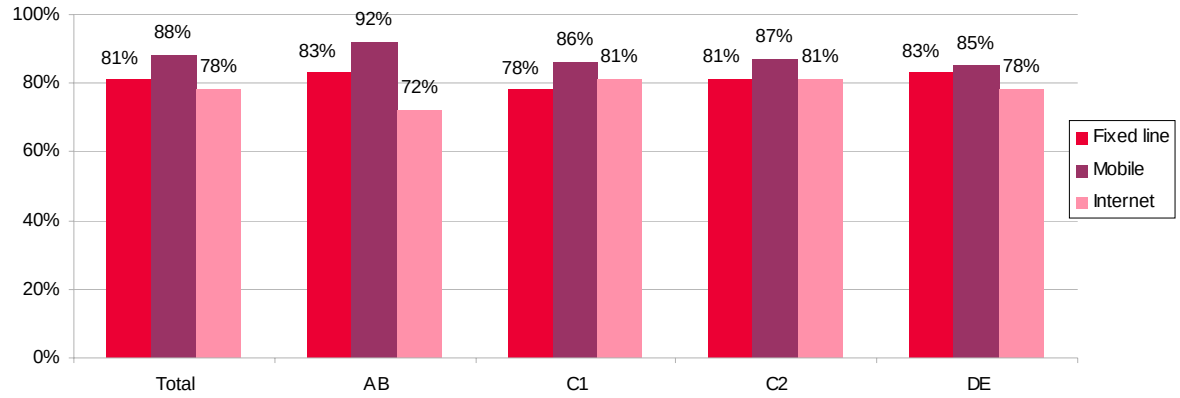
Figure 73: Satisfaction with value for money, by age



* Caution: Small base size
Base: All adults 15+ with a service who expressed an opinion on (fixed-line Q2 2007, 1259) (mobile Q2 2007, 1237) (internet Q1 2007, 848).
Source: Ofcom communications tracking survey

There is very little variation in satisfaction with value for money of communications services across age groups. Although the small sample size limits analysis, the exception appears to be the 75+ group, where 92% are satisfied with value for money in the fixed and mobile markets, indicating a higher level of satisfaction than average.

Figure 74: Satisfaction with value for money, by socio-economic group



Base: All adults 15+ with a service who expressed an opinion on (fixed-line Q2 2007, 1259) (mobile Q2 2007, 1237) (internet Q1 2007, 848).
Source: Ofcom communications tracking survey

There is some variation across socio-economic groups, with ABs more likely to be satisfied with the value for money of their mobile, and less likely to be satisfied with the value for money of the internet, than others. There is little variation by income group. There is some indication that a higher proportion of consumers with a hearing or visual impairment are satisfied compared with others.

Additional qualitative insights on consumers earning less than £15K

Satisfaction with value for money

Respondents in focus groups revealed that fixed-lines were the standard for voice calls for most households and were seen as good value for money by heavy users (the majority) and poor value by light users, who felt the line rental was out of proportion to their call charges.

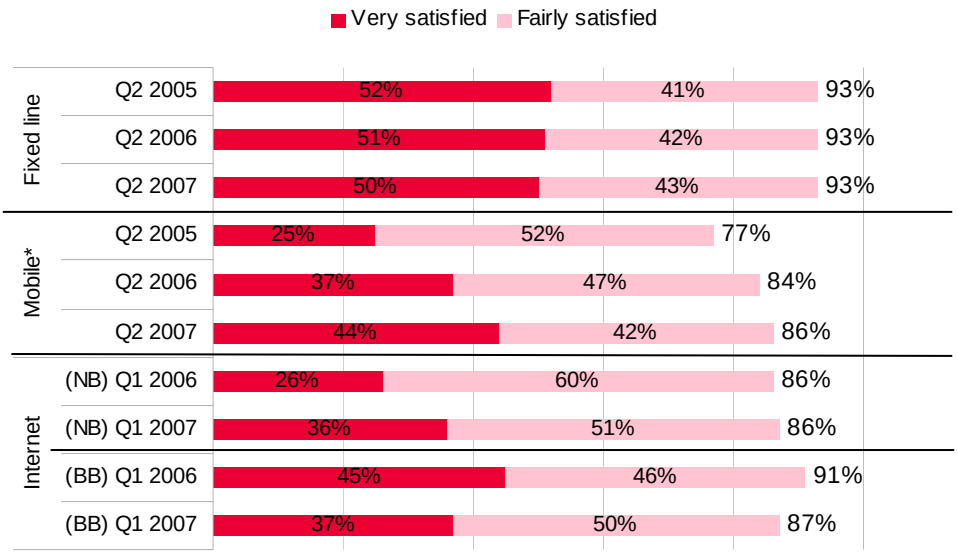
Mobiles on a PAYG basis appealed widely to this audience and most were satisfied with their mobile set-up and the variety of PAYG packages available to suit different needs.

Broadband use was widespread among those on the higher income levels (around £15K) and in families with teenage children, and the flat monthly fee was welcomed for budgeting purposes. Without exception, broadband was considered very good value for money.

It is important to note that the sample for the qualitative research was specifically recruited to include consumers who have various communications services and is not necessarily representative of low income earners in general. Therefore, results such as take-up cannot be compared with the quantitative data presented throughout the report.

3.3.5 Satisfaction with reliability of service, over time

Figure 75: Satisfaction with reliability of service, over time

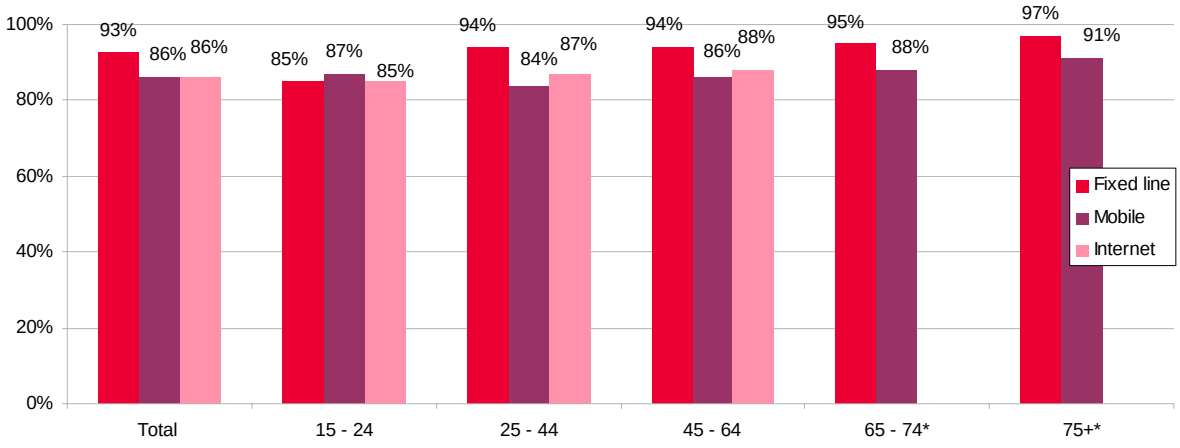


Base: All adults 15+ with service who expressed an opinion on fixed-line (Q2 2005, 1984) (Q2 2006, 2194) (Q2 2007, 1294) mobile (Q2 2005, 1709) (Q2 2006, 1768) (Q2 2007, 1254) narrowband (Q1 2006, 335) (Q1 2007, 128) broadband (Q1 2006, 830) (Q1 2007, 726).
Source : Ofcom communications tracking survey

Satisfaction with the reliability of fixed-line services has not varied greatly since 2005. As Figure 75 illustrates, the percentage of mobile consumers who are very satisfied has increased significantly. In contrast, satisfaction with reliability of broadband services has decreased significantly (as with satisfaction with value for money, this is driven by a decrease in the number of those who are very satisfied).

3.3.6 Satisfaction with reliability of service, by demographic group

Figure 76: Satisfaction with reliability of service, by age



* Caution: Small base size
Base: All adults 15+ with service who expressed an opinion on (fixed-line Q2 2007, 1294) (mobile Q2 2007, 1254) (internet Q1 2007, 890.
Source : Ofcom communications tracking survey

The only variations by age group in satisfaction with reliability of service is among 15-24 year olds, who have a lower level of satisfaction with fixed-line services and over-75s, who have a

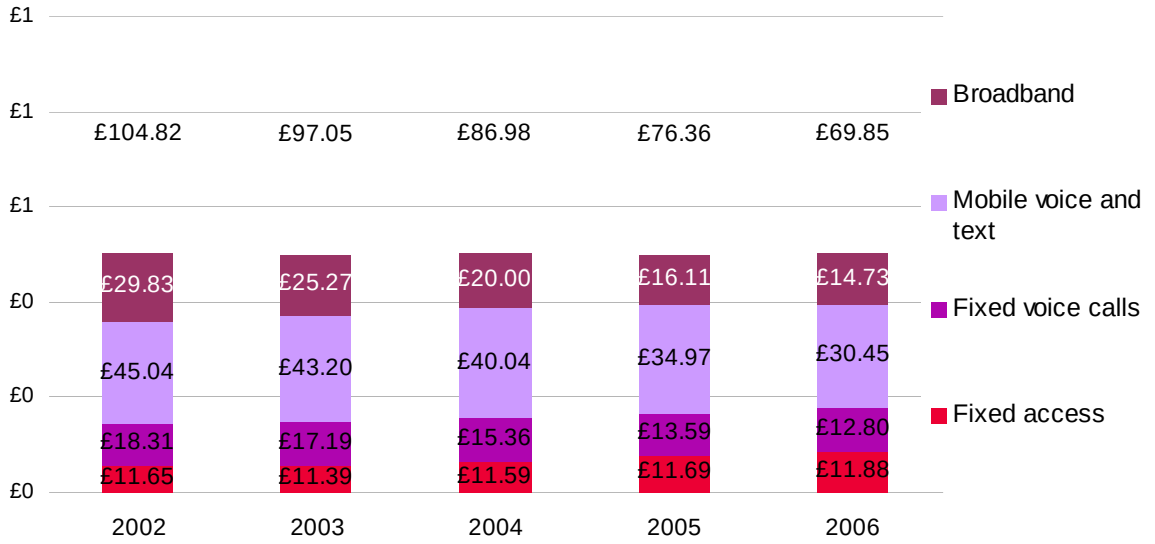
higher level of satisfaction with both fixed-line and mobile services, compared with the average population.

There is also little variation in levels of satisfaction by socio-economic group or income. However, consumers with a visual impairment have a lower level of satisfaction with their fixed-line supplier than other groups.

3.4 Consumer choices and range metric 4: cost of UK communications services

3.4.1 Change in cost of residential telecoms services

Figure 77: Real cost of a basket of residential telecoms services



Source: Ofcom
Note: Figures include VAT

Increasing competition in the markets for fixed-line, mobile and broadband customers has led to continued price falls for UK residential telecoms customers during 2006. Our analysis of the cost of a typical basket of residential telecoms services (consisting of a fixed-line with average call volumes fixed at 2006 levels, two mobile phones also with 2006 usage levels and a broadband connection at average cost) shows that consumers would have paid £6.51 (9%) more for the same bundle of services in 2005 than in 2006 (Figure 77). In the five years to 2006 the cost saving on the same bundle of services was 38% in real terms.

The largest like-for-like cost reduction in 2006 was in mobile services, down 13%. Retail revenues from residential customers actually went up by 2% (mobile business revenues increased by 15%); the lower cost to the consumer reflects lower prices per minute. This was driven both by operators, who increased the numbers of inclusive minutes in contracts (usage rose accordingly), and by a drop in pre-pay prices, as a result of stronger competition in a market where growth is slowing. The average cost of a residential broadband connection fell by around 9% during 2006, despite a doubling of the average blended headline speed to 3.6Mbit/s (rising to 4.6Mbit/s by June 2007). The cost of fixed access charges and calls at 2006 volumes fell by 2% per residential line, with average access charges going up (as rental packages increasingly include a bundle of calls) and call spend falling.

Increasing take-up of bundled communications services has also contributed to the falling costs of all services. In this analysis the costs of individual services within a bundle have been allocated using the revenue splits in the raw data provided to Ofcom by communications providers.

3.4.2 Change in cost of fixed-line and mobile services

Figure 78: Comparison of average of fixed and mobile voice call charges

Source: Ofcom / operators
Notes: the analysis takes rental revenues and bundles into account and is based on actual usage of all types of calls; figures have been restated from the 2006 Communications Market Report to reflect more accurate data.

There has been a narrowing of the difference in the overall average cost per minute between mobile and fixed calls, although mobile calls still cost nearly twice as much on average as fixed-line calls (see Figure 78). It should, however, be noted that the cost per minute for mobile is over-stated as it does not include the value of the handset subsidy which mobile operators recoup over the course of a contract.

The decrease in the average mobile price per minute is caused by competition in the market which has driven down prices and in turn increased usage, and is also partly a consequence of operators increasingly focusing on 18-month rather than 12-month contracts, which has led to offers of more minutes and texts within lower value-contracts.

Although the cost of a basket of residential fixed-line voice services (based on customers making the same number of calls year-on-year) has fallen slightly, the average real price per minute has risen slightly. This small change is not indicative of pricing but is driven by lower average use of fixed-lines, meaning that a higher proportion of total spend is accounted for by the fixed-cost line rental, combined with a small increase in the proportion of fixed-line calls that are made to mobiles (and are therefore more expensive), which rose from 11.8% in 2005 to 12.3% in 2006.

Figure 79: Average mobile retail call and message revenues (pence per minute)

Source: Ofcom / operators
Note: Includes estimates where Ofcom does not receive data from operators

From operator revenue and usage data it is possible to calculate average call charges per minute and per message. The downward trend in cost per minute/message for all call and message types (except MMS) indicate that overall UK mobile prices declined during 2006 (Figure 79).

Please note, however, that it is not possible to use operator and usage data as an exact proxy for prices because the increasing inclusion of calls and messaging in post-pay tariffs makes it difficult to calculate exact charges per call and per message, as a proportion of the costs of calls and messages will be included in monthly access payments.

Ofcom's mobile data on UK geographical call charges includes an element of monthly access charges, so the cost per minute of UK fixed calls in this analysis will be overstated due to the inclusion of a large element of these charges. Similarly, the cost of other call types and messages are likely to be understated as an element of the revenues from these will be included in the rental revenues included with UK geographic calls, due to bundled tariffs.

3.5 Consumer choices and range metric 5: international comparisons[18] of the cost of communications services

This metric illustrates the price of UK[19] communications services compared with four other countries; France, Germany, Italy and the US. In the box below the methodology used to establish comparable pricing is explained. Following this explanation figures illustrating the prices in each country, over time are shown.

In order to place the pricing of UK communications services in an international context we have applied a 'basket'-based methodology to tariffs on offer in each of the countries.

For each type of communications service (fixed voice, mobile, broadband, television) we have defined a 'typical' basket of services that a 'typical' consumer might use on average during a month and we have broken this down into as much detail as is practical. For

[18] For further detail see the International Communications Market Report published 12 December 2007 http://www.ofcom.org.uk/research/cm/icmr07
[19] The pricing data for the UK presented as an international comparison is difference from the basket price presented in Figure 77. This is due to the need for the need to base calculations on data publicly available for all five countries

example, for fixed voice we have defined the basket as comprising 430 minutes which we have then broken down into local calls, national calls, calls to mobile and international calls, and into peak and off-peak.

For each service in each country we have identified which tariff offered by each of the three largest suppliers (by market share of consumers) offers the lowest price (based on tariffs available in October 2007) for the defined basket. We then present the cost of each bundle, as determined by the average of the three tariffs, weighted by the market share of the operator to ensure fair representation.

We believe that a basket methodology is the only practical way of comparing international prices. A more in-depth analysis, which will look at multiple baskets and will take a multi-service approach, will be provided in Ofcom's International Communications Market 2007 report which is scheduled for publication in December 2007.

The following caveats and notes are important in interpreting the analysis below.

- Put together, our baskets are representative of a 'typical' price-conscious social grade C2 household. We assume that this price comparison group uses fixed-line voice slightly above the average in order to obtain the lower prices of fixed compared to mobile calls. They have one post-pay mobile which they use approximately six minutes a day (slightly less than the UK average but in line with the average across the comparator countries), and one pre-pay mobile which is used for two minutes a day and two texts a day. They take a broadband connection at a minimum of 2Mbit/s, enough to use streaming video services effectively, and the household has multi-channel digital television, but does not subscribe to any premium channels. We believe this household is appropriate for making general comparisons, but it is important to note that it is not representative of many household types in the countries.

- Analysing the price of a single communications service fails to capture the benefits that customers often receive by purchasing 'bundled' services. For example, broadband in the UK is often purchased in conjunction with at least one other communications service (fixed-line voice or television or mobile). This issue will be addressed further in Ofcom's International Communications Report 2007.
- In only looking at tariffs offered by the three largest operators in each country, lower prices which might be available from smaller operators seeking to disrupt markets may not be included. For practical reasons we have been unable to include a wider sample of tariffs. Nevertheless, we believe using the prices of the largest operators is appropriate, both because they are the best reflection of the general consumer experience and because they are in large part defined by the competitive environment in which they operate.
- The analysis assumes a wholly rational consumer who has a full understanding of his or her usage requirements and is prepared to shop around and undertake some often quite complex calculations to identify the tariff which offers the best value. We know that in the real world many consumers do not act in this way, but we believe this is the only fair way to provide international comparisons.
- In order to calculate the weighted average, we have used market share calculations based on operators' retail customers where available and based on wholesale customers where not. It should be noted that market share calculations are based on the overall subscriber base, not the subscriber base for the particular tariff.
- For some communications services in some countries there are only two operators with nationwide coverage and/or significant market share. In these instances, we

have identified the best value tariff from the two operators and calculated a blended average based on their market shares.

- Some services are not available nationwide. This is particularly true of broadband, cable TV and IPTV offerings. However, all services are available to at least 30% of the population in each country examined.
- A number of inclusive minutes and messages are typically bundled within phone tariffs. We assume that consumers use their allocation of inclusive services in the most cost-effective manner.
- The baskets have been defined to represent approximately average usage profiles across the comparator nations. They have been designed not to particularly favour one country over another. For example, the average usage of post-pay mobile has been set below the UK average in recognition that usage in other countries is typically lower. Similarly, usage levels have been deliberately set to avoid falling neatly into the typical inclusive bundles that are available (eg 200 national minutes / 100 texts).
- The maximum contract length for any of the services is 24 months. Because longer contracts typically offer the lowest monthly rate, they are over-represented in the analysis. However, long contracts are available in all countries. For example of the 15 mobile contracts analysed, 14 are for 24 months.
- Connection and set-up costs, where applicable, have been amortised over 24 months.
- Hardware costs are only included when they are needed in order to provide fair comparisons, as the hardware has been subsidised by operators. When included, these costs are separately identified.
- A Purchasing Power Parity (PPP) adjustment has been made to convert all prices back to UK Pounds, using comparative price levels for August 2007 as defined by the OECD (www.oecd.org/std/ppp). Comparative price levels represent the number of specified monetary units necessary to buy the same representative basket of consumer goods and services, relative to any specified country (in this case, the UK), and enable a comparison of relative consumer pricing for any product or service. The PPP adjustment is calculated from the comparative price levels combined with average exchange rates for August 2007 as defined by the IMF (www.imf.org).

3.5.1 Cost of fixed-line services

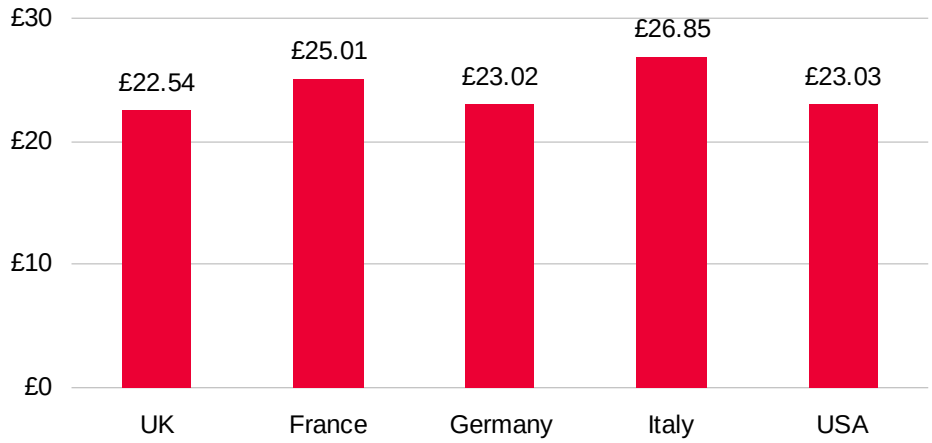
The cost of fixed-line services has been calculated as the cost of a bundle of 430 fixed-line voice minutes across the five comparator nations (see Table 2 below).

Table 2: Breakdown of fixed-line voice package used for analysis

	Total voice minutes	Local	National	International (fixed, FR, UK, US, CA)	To mobile	Average call length
Total	430	300	90	10	30	3 minutes
Peak	215	15	45	5	15	
Off-peak	215	15	45	5	15	

Again, the average of the best value tariffs for delivering this basket from the largest three operators is used, weighted by the overall market share of the operator.

Figure 80: Fixed-line pricing: comparative cost of a basket of voice services (price per month)



Source: IDATE (October 2007)
Note: Prices are PPP-adjusted to convert prices to UK Pounds, using OECD comparative price levels for August 2007 and average exchange rates for August 2007 as provided by the IMF

The model shows that the UK is the least expensive of the countries analysed. A feature of the pricing of BT, the incumbent operator in the UK, is the availability of separate add-ons within its packages that offer lower cost calls to mobile and international numbers for a monthly charge. This contributes to UK pricing for this basket being 5-15% lower than the other European countries, but does require consumers to have a good understanding of their usage requirements in order to know which add-ons offer them value. The pricing structure in the USA is different with lower line rental costs and unlimited local calls available on all tariffs, although national calls are significantly more expensive in the USA than in Europe.

A number of potential additional benefits to consumers are not included in the model. For example, the tariff from the UK's second largest provider (Virgin) includes free TV while the tariff from the third largest provider (TalkTalk) includes the option of free broadband. The large majority of tariffs include some element of "unlimited" calls, generally local and / or off-peak; once again, an obvious conclusion is that the value-seeking consumer needs to have a good understanding of their specific usage requirements.

3.5.2 Cost of mobile phone services

The cost of post-pay mobile phone services has been calculated based on a combination of phone calls, SMS and type of handset. A breakdown of the post-pay package is in Table 3 below.

Comparative international pricing: post-pay mobile

Table 3: Post-pay mobile pricing: comparative cost of a basket of mobile services

Total voice minutes	To national fixed-lines	To mobile (on-net)	To mobile (off-net)	To European Union	To USA/ Canada	Average call length	**Total SMS**	**Handset type**[20]
200	45	67.5	67.5	15	5	3 minutes	**60**	**Premium**

Figure 81 compares pricing of post-pay (contract) mobile services in the UK with those from four other countries.

Figure 81: Post-pay mobile pricing: comparative cost of a basket of mobile services (price per month)

Source: IDATE (October 2007)
Note: Handset value represents the difference between the price available via the operator and the lowest retail price available in October 2007 (via a leading price comparison web site), amortised over the length of the contract; prices are PPP-adjusted to convert prices to UK Pounds, using OECD comparative price levels for August 2007 and average exchange rates for August 2007 as provided by the IMF

Based on a typical basket of 180 voice minutes and 60 SMS, and a weighted average of the best value tariffs for this basket from the three leading operators in each country, post-pay mobile services available to UK consumers are much less expensive than Germany, slightly less expensive than Italy and the USA and very similar to those in France.

A characteristic of the UK post-pay market is that handsets are heavily subsidised by operators, with consumers typically receiving handsets either free or at a significantly discounted rate when they sign up for a new mobile contract. As Figure 81 indicates, once this is taken into account, the UK is a clear leader in providing the best value mobile services of the five comparator countries (we do not have access to levels of subsidy, but use "handset value" as a proxy which we define as the difference between the price a consumer

[20] Nokia N95, Sony Ericsson k810i, or Motorola Razr v9M

pays a mobile operator at the time of connection and the cheapest available retail price for the same mobile handset).

Another feature of the highly competitive UK post-pay mobile market (the UK is the only country with five mobile network operators) is the large number of inclusive voice minutes and SMS that are included within most contracts; data from GfK indicates that in the first half of 2007, around 70% of UK contracts had 300 or more voice minutes included within the contract. The result is that 'line rental' or access charges account for a high proportion of the total bill. In the UK, all three "best value" tariffs for the basket analysed included all SMS messages and all calls to national fixed and mobile lines at no cost within the monthly rental; the only additional costs were for international calls. By contrast, in Germany the line rental costs were approximately equivalent to those of the UK (around £25 on average), but additional metered charging for non-inclusive calls and texts means that the overall cost for this basket is around 60% higher than in the UK. In Italy, two of the three tariffs include no line rental charge at all, with the whole cost being usage-based.

It should be emphasised that this analysis is based on the best value tariffs from the three leading operators for a particular "basket". One conclusion that can be drawn is that while there is potential for UK post-pay mobile consumers to get very good value compared to their international counterparts, the "all inclusive" nature of much UK pricing (at all price levels) means that it is very important for the consumer to select a contract that closely matches their usage profile. Consumers that fail to do this may either pay more in line rental charges than they need and end up with unused minutes and SMS, or, if they select a tariff with fewer inclusive minutes and texts than they use, may end up paying more for the additional usage than they would have had they opted for a higher tariff with more inclusive minutes and texts.

One other thing to note is that the USA is unique among these comparator nations in that mobile customers are typically charged for receiving some incoming calls (these are excluded from the analysis as the basket only includes outbound calls; inclusion of incoming calls would almost certainly make post-pay mobile in the USA more expensive than in Italy).

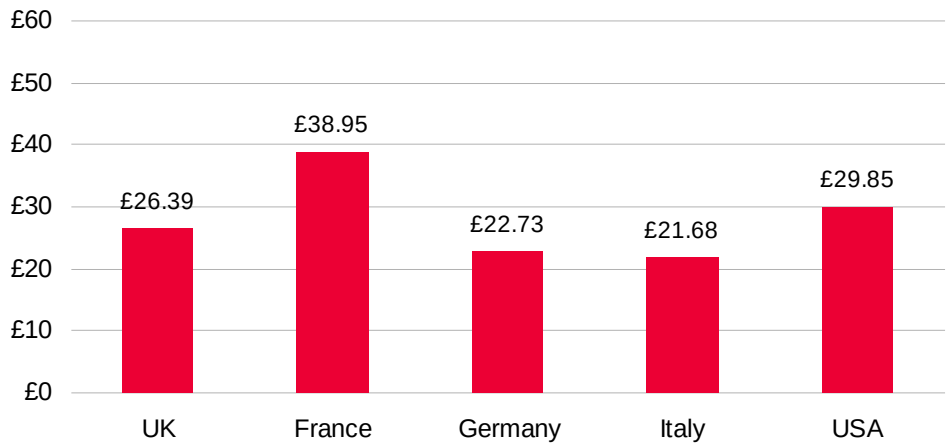
Comparative international pricing: pre-pay mobile

Figure 82 below provides a similar analysis, but is based on the best value pre-pay tariffs available from the three leading operators in each country for a typical basket of 60 voice minutes, 60 SMS and 3 MMS (Table 4). Handset prices have been excluded from this analysis as pre-pay handsets are rarely heavily subsidised in the markets analysed.

Table 4: Breakdown of mobile package used for analysis

Total voice minutes	To national fixed-lines	To mobile (on-net)	To mobile (off-net)	Average call length	**Total SMS**	**Total MMS**
60	15	22.5	22.5	3 minutes	**60**	**3**

Figure 82: Pre-pay mobile pricing: comparative cost of a basket of mobile services



Source: IDATE (October 2007)
Note: Prices are PPP-adjusted to convert prices to UK Pounds, using OECD comparative price levels for August 2007 and average exchange rates for August 2007 as provided by the IMF

The average cost of this basket for the UK consumer is only £3.30 less than the cost of the post-pay basket shown in Figure 82 above, despite the fact that the post-pay basket included 180 UK minutes and 20 international minutes in comparison to 60 UK minutes and no international calls in the pre-pay basket.

This analysis illustrates that the price paid in the UK for this basket is much less than in France, but more than in Germany and Italy. However, all three of the German tariffs require a minimum top-up of either 25 or 30 Euros each month (meaning that prices become more expensive for users with lower usage than defined in our basket). USA costs are significantly higher than in the UK and would be increased by the charge for incoming calls.

Low prices in Italy are at least in part a consequence of operators' focus on the pre-pay market, with over 90% of mobile connections on pre-pay. (This is largely attributable to government taxes that are levied on contract plans.) In contrast, the higher prices in France are the consequence of a greater focus on post-pay, with over 60% of mobile consumers on post-pay contracts. In the UK, around 65% of mobile connections are pre-pay.

The price per minute is generally much lower in Italy than in other countries, however, unlike the UK, most operators charge for the connection of each call. The analysis below assumes an average call length of three minutes; if the average length of call was shorter, Italian pricing would be more expensive, while if the average length of call was longer it would offer even better value compared to the other nations.

In addition, two of the three tariffs in the UK have particular benefits that could not be captured in the model. One offers unlimited evening and weekend calls to landlines and the other offers a much reduced price per minute after the first three minutes every day.

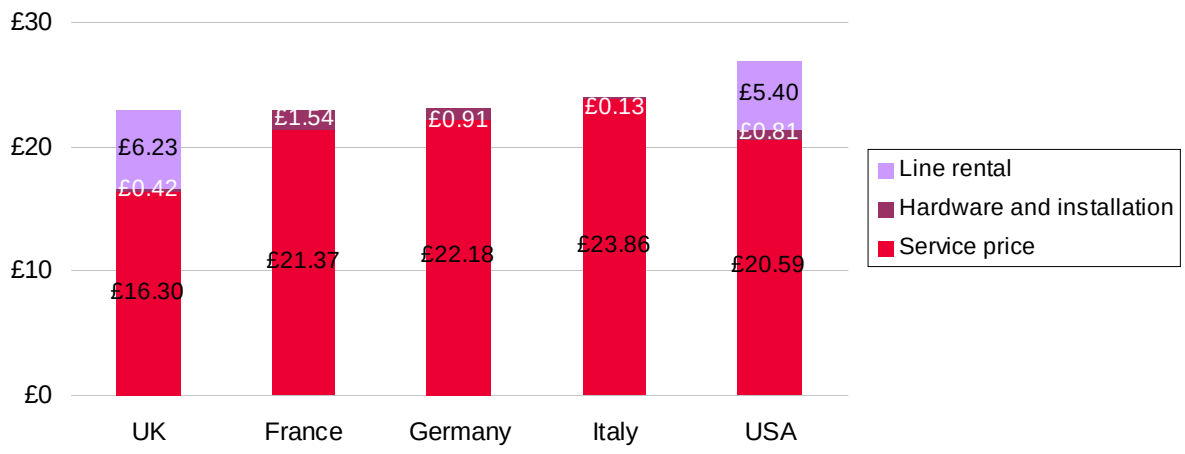
3.5.3 Cost of broadband services

This international comparison details the pricing available to a customer looking for broadband as a 'standalone' service (Table 5). As such, it excludes 'free' or discounted broadband offers that are available as an option to customers or other communications services.

Table 5: Breakdown of broadband package used for analysis

Minimum speed	Maximum download speed allowance	Installation
2Mbit/s	5GB	Self

Figure 83: Standalone broadband pricing: comparative costs



Source: Data from IDATE (October 2007)
NOTE: Hardware costs are when purchase of a specific model or rental of a specific device are required in order to receive the service; installation costs are the lowest costs required for self-installation; Prices are PPP-adjusted to convert prices to UK Pounds, using OECD comparative price levels for August 2007 and average exchange rates for August 2007 as provided by the IMF

As illustrated by Figure 83, the UK offers around 30-40% lower prices for broadband than France, Germany, Italy and the USA. This is based on a minimum speed of 'up to' 2Mbit/s and excludes line rental charges. We believe it is appropriate to exclude line rental costs as these are already included within the fixed-line voice analysis (therefore, the only households for which the cost of line rental would be a factor in paying for broadband access are the few (around 10% in the UK) which have no fixed-line and rely on mobile phones for voice calls.

However, there are significant variations in the details of the broadband services, both across the countries and within them. Four key variations should be highlighted.

First, because in all of the countries broadband is often purchased in a "bundle" with another service[21] (most commonly fixed-line voice, but also with TV and mobile), it can be misleading to look at standalone broadband pricing. For example, in the UK, BT's broadband offer includes inclusive evening and weekend voice calls, while two of the French tariffs and all of the German tariffs also include some voice calls. Similarly, for some operators broadband is not available as a standalone service, but is used as a tool to drive customer loyalty and revenues from other services. For example in the UK, broadband is included free with certain voice packages from TalkTalk, TV packages from Sky and mobile packages from Orange. None of these tariffs are included in this analysis.

[21] In the UK 45% of broadband customers have their broadband service as part of a bundle

Secondly, and related to the benefits of bundling, it is only where 'naked DSL' is available where there are potential cost savings for consumers to purchase entry-level (2Mbit/s) broadband on a standalone basis. Naked DSL is when a dedicated broadband line is provided without a PSTN service and the associated dial-tone. Of the nations analysed below, naked DSL is only widely available in France, and one of the French tariffs (from Neuf) uses this technology to deliver an 'ADSL only' service (i.e a voice line is not provided). As a consequence this tariff is the lowest of all the broadband tariffs analysed and is around 10 Euros less expensive per month than the other two French tariffs.

Thirdly, although we have defined a minimum headline speed as 2Mbit/s, some of the broadband offers are much faster than this. Two of the French and two of the Italian tariffs include broadband at speeds of "up to" 20Mbit/s. In the UK, the two DSL tariffs are at "up to" 8Mbit/s and the cable tariff is at 2Mbit/s (faster cable speeds are available at a higher price).

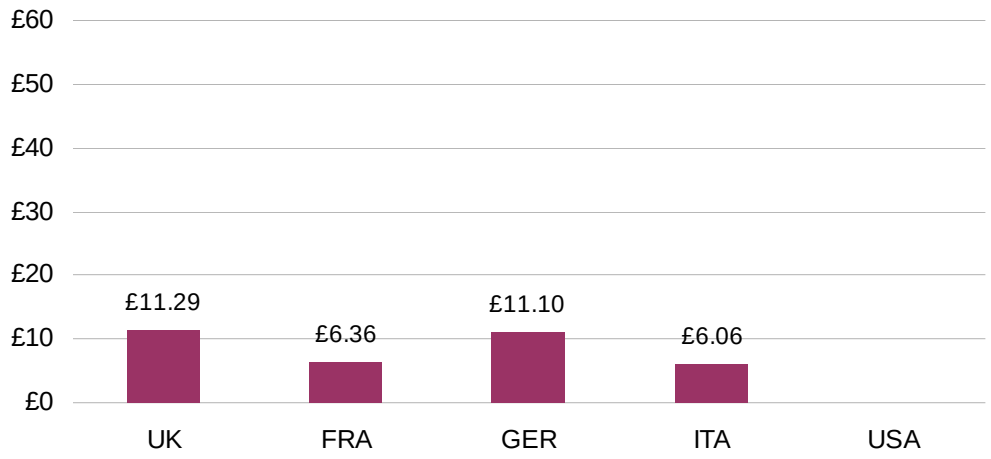
Fourthly, for two of the UK tariffs the download allocation is capped (at 5GB and 10GB per month). For the third UK tariff (Virgin's basic cable offering) and all of the tariffs in the other countries, consumers are permitted to download an 'unlimited' volume of data although one tariff in Italy sets a limit on the time that a customer is permitted to spend downloading (30 hours per month).

3.5.4 Cost of digital TV services

Our methodology for analysing the pricing of digital television is different from the other communications services, as differences in the market structures mean that it is important to examine the different platforms (terrestrial, cable, satellite and internet) separately. Indeed, because of different access costs and variation in the programming which is included on each platform and for different pricing tiers, quantitative comparison of international pricing is arguably less meaningful than for telecoms services.

Figure 84 details the monthly price of the least expensive package of multiple digital channels available from the leading DTT operator (by market share) in each country. Free-to-air channels available without a subscription, are available via all platforms in many of the countries, but are not included in the analysis of cable, satellite and internet TV. It must be noted that the numbers and types of channels available vary significantly across platforms and between countries. The cost is broken down into a monthly fee paid to the operator and a monthly licence fee paid to the 'state' PSB broadcaster. Unlike for telecoms services, hardware and installation costs have been excluded because large differences in equipment specification make it difficult to compare like-for-like.

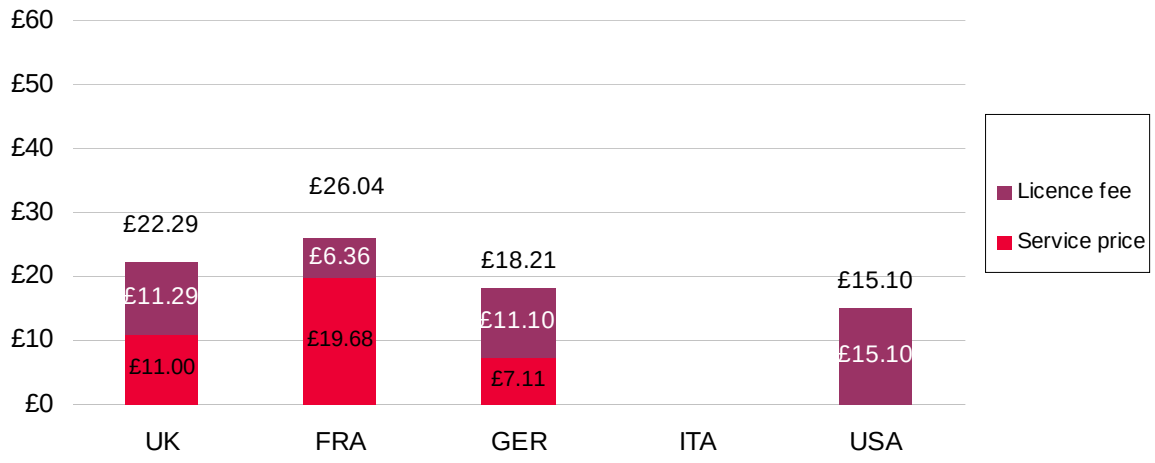
Figure 84: Standalone multichannel TV pricing: DTT comparative costs



Source: Data from IDATE (October 2007);
Note: Prices are the lowest available for a basic suite of channels from the leading operator in each platform. Non-contractual services (i.e. when a customer does not have a billing relationship with an operator) are excluded for cable, satellite and IPTV; Prices are PPP-adjusted to convert prices to UK Pounds, using OECD comparative price levels for August 2007 and average exchange rates for August 2007 as provided by the IMF

The licence fee is the minimum cost of accessing digital terrestrial TV in four of the comparator countries (with additional pay options available in some). At £11.29 per month (£135.50 per year), the UK licence fee is similar to that in Germany but significantly more expensive than that of France and Italy. In the USA there is no licence fee, with public funding for television (which is much lower per capita than for the European countries) raised by alternative means. The UK and Italy have the largest number of channels available on the digital terrestrial television platform, although the USA has high definition channels available for free over the platform.

Figure 85: Standalone multichannel TV pricing: Cable comparative costs

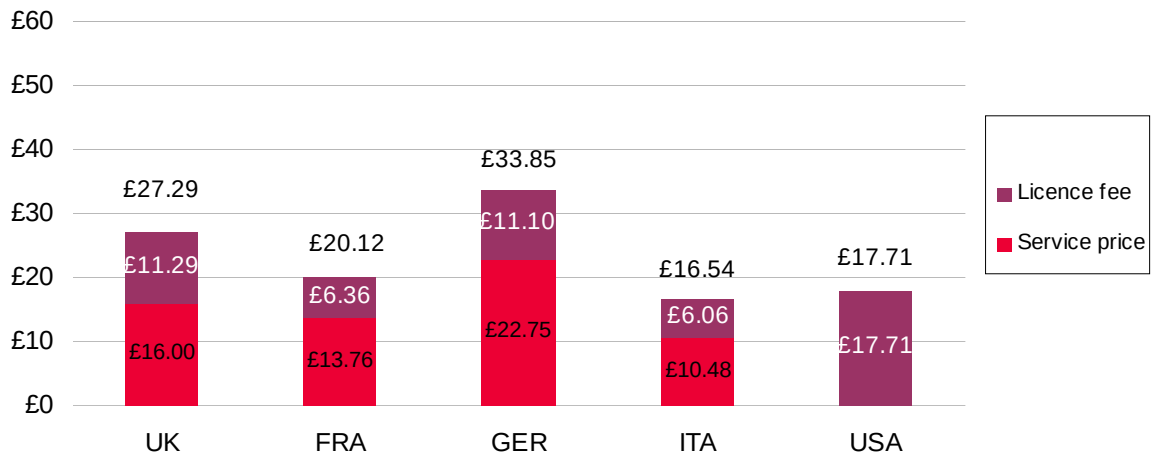


Source: Data from IDATE (October 2007);
Note: Prices are the lowest available for a basic suite of channels from the leading operator in each platform. Non-contractual services (i.e. when a customer does not have a billing relationship with an operator) are excluded for cable, satellite and IPTV;

Prices are PPP-adjusted to convert prices to UK Pounds, using OECD comparative price levels for August 2007 and average exchange rates for August 2007 as provided by the IMF

Cable is the most used television platform (ahead of terrestrial and satellite) in Germany and the USA, where households typically pay a monthly access fee of around 11 Euros or $25 to receive a basic suite of channels. The UK's cable operator, Virgin Media, also offers a similar service 'free' with all of its phone packages, the least expensive of which is £11 per month (Figure 85).

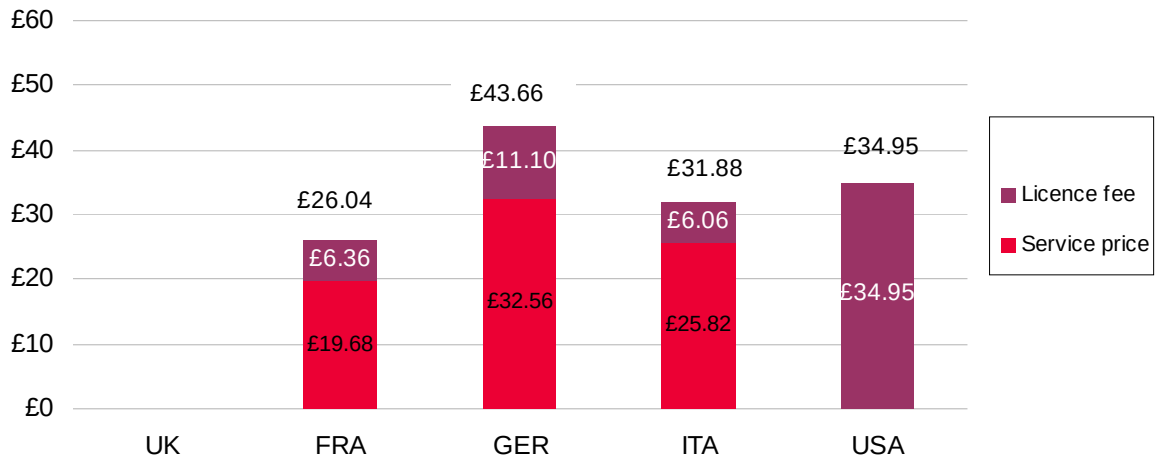
Figure 86: Standalone multichannel TV pricing: Satellite comparative costs



Source: Data from IDATE (October 2007);
Note: Prices are the lowest available for a basic suite of channels from the leading operator in each platform. Non-contractual services (i.e. when a customer does not have a billing relationship with an operator) are excluded for cable, satellite and IPTV; Prices are PPP-adjusted to convert prices to UK Pounds, using OECD comparative price levels for August 2007 and average exchange rates for August 2007 as provided by the IMF

Entry-level satellite services in the UK are more expensive than cable (Figure 86). However, BSkyB's least expensive package at £16 includes one mix of entertainment channels (including some channels not available on Virgin's entry-level cable TV package), and incremental "entertainment mixes" covering Variety, Kids, Knowledge, Style, Music and News are available for an additional £1 each per month. In the USA and Germany, satellite has a much smaller share of subscribers than in the UK and the pricing of the leading satellite operators (Premiere in Germany and DirecTV in the USA) is more expensive than cable for the provision of basic services.

Figure 87: Standalone multichannel TV pricing: IPTV comparative costs



Source: Data from IDATE (October 2007)
Note: Prices are the lowest available for a basic suite of channels from the leading operator in each platform. Non-contractual services (i.e. when a customer does not have a billing relationship with an operator) are excluded for cable, satellite and IPTV; Prices are PPP-adjusted to convert prices to UK Pounds, using OECD comparative price levels for August 2007 and average exchange rates for August 2007 as provided by the IMF

Internet protocol television (IPTV) is emerging as the fourth multi-channel television platform, but has been slower to develop in the UK than in the other four countries, in part because of an already mature pay TV market. Because the UK's largest IPTV service, Tiscali, has only around 60,000 customers and is only available within small geographical areas, it has not been included in this analysis.[22] IPTV prices in France, Germany and Italy are higher than cable and satellite prices because internet access is included; for example, the offer from Orange in France includes 50 channels, 8Mb/s internet access and some telephone voice calls.

[22] BT is the only incumbent among the comparator European nations not to offer an IPTV service. Its television service, *BT Vision*, offers on-demand programmes via internet protocol, but uses digital terrestrial television for live transmission.

Section 4

Consumer Empowerment

Introduction

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

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

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

Consumer empowerment metrics

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

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

It is important to note that in order to provide sub-analysis for the three impairment groups shown in this report it was necessary to use Q1 and Q2 data combined. Therefore, 2007 data for sub-analysis on impairment is using Q1 and Q2 figures, while all other analysis is based on the single quarter stated in the notes underneath each graph.

4.1 Consumer empowerment metric 1: participation in communications markets

We measured participation in communications markets by taking into account a wide range of ways in which consumers can participate in the market, including: switching suppliers; negotiating with current suppliers and staying informed; and aware of changes in the markets. The metric also measures past and current participation behaviour, in order to give us a more accurate picture.

Measuring participation in communications markets

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

This research showed that while between 66% and 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 had switched or considered switching, whether they had 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 – their likelihood to switch, or consider switching, supplier in the future, their likelihood to change an existing contract or service

Following the initial research phase in 2006, we refined the participation measure to include past and current behaviour, to give a more accurate picture of participation. However, even though future behaviour is not included in the participation index, it is presented later in the section. This index is made up of the following segments.

1. **Inactive consumers** - consumers may have had some past involvement, but have low interest in the market. This group does not keep up to date with the market.

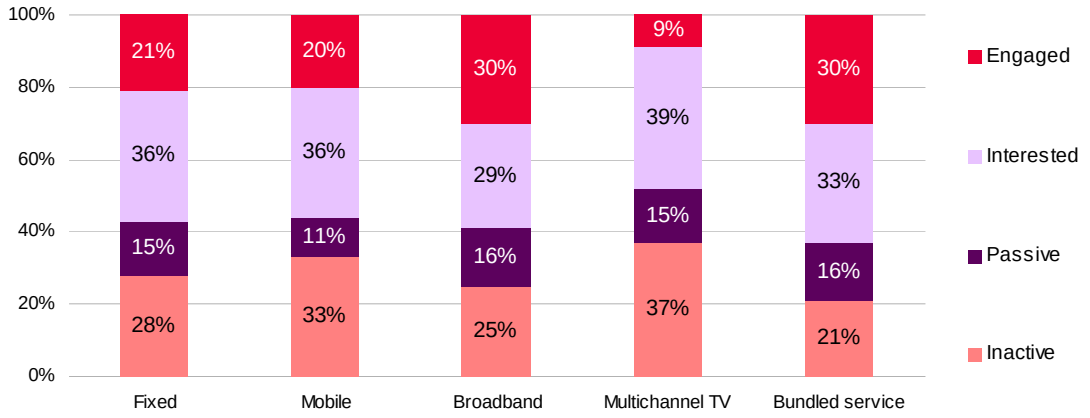
2. **Passive consumers** – more likely than inactive consumers to have participated in the past and indicate some current interest in the market.

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

4. **Engaged consumers** – the most active group in terms of past behaviour and current interest.

4.1.1 Overall participation in communications markets

Figure 88: Participation segments



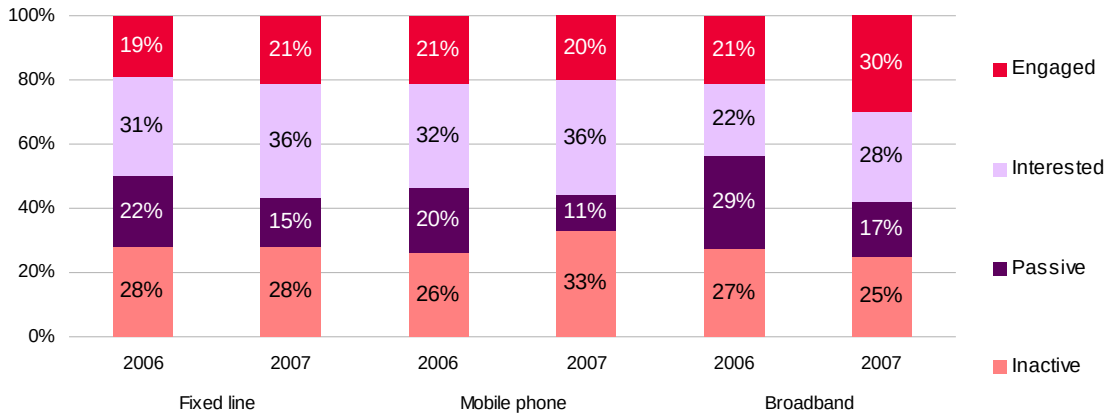
Base: All adults 15+ who are the decision maker for each service; fixed-line (2007, 1018), mobile (2007, 1211), broadband (2007, 403), multichannel TV (2007, 800), bundled services (2007, 384)
Source: Ofcom decision making survey 2007

Figure 88 shows there are both strong similarities and differences in levels of participation across the various communications markets. Participation levels in the fixed and mobile markets are similar, with around one-fifth 'engaged' and over a third 'interested'. A significant minority in both markets are 'inactive', with an even smaller proportion 'passive'.

There are also similarities between broadband and bundled markets. This is perhaps not surprising, as broadband is linked with the take-up of bundled communications services. Consumers in these markets are more likely to be 'engaged' than those buying telephony only. However, participation is polarised with around one fifth 'inactive'.

Multichannel TV has a different participation profile compared with other communications services. Less than one in ten are engaged in the market, with nearly two in five being interested. Comparing the overall index scores, the multichannel TV market is the least participatory, which is perhaps not surprising, as there are fewer operators than in the telecoms and internet markets.

Figure 89: Participation segments, over time



Base: All adults 15+ who are the decision maker for each service; fixed-line (2006, 302) (2007, 1018), mobile (2006, 466)

(2007, 1211), broadband (2006, 232) (2007, 403)
Source: Ofcom decision making survey 2006 and 2007

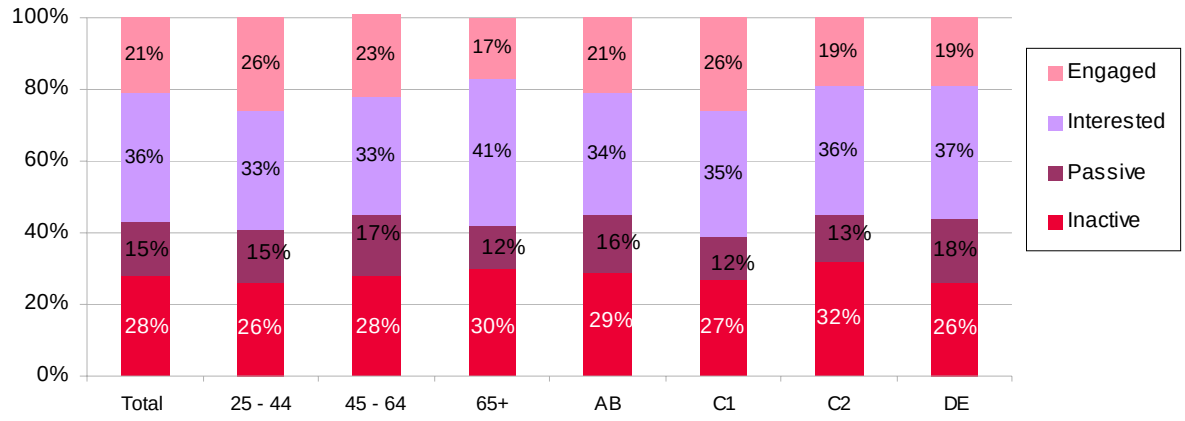
In 2006, the fixed-line, mobile and internet markets were the focus of the research, so we can compare only these markets over time. In the future we will continue to track multichannel TV services as well as bundled services.

There have been some changes in levels of participation over the last 12 months. In the fixed-line market the most significant change has been the increase in the proportion of consumers who are' interested' (31% vs 36%). This increase has been the result of a movement from 'passive' to 'interested' participation.

In the mobile market, there has been a significant movement from 'passive' to 'inactive' participation. One reason for the increase in inactive consumers could be the maturity and competitiveness of the market.

4.1.2 Demographic differences between participation segments

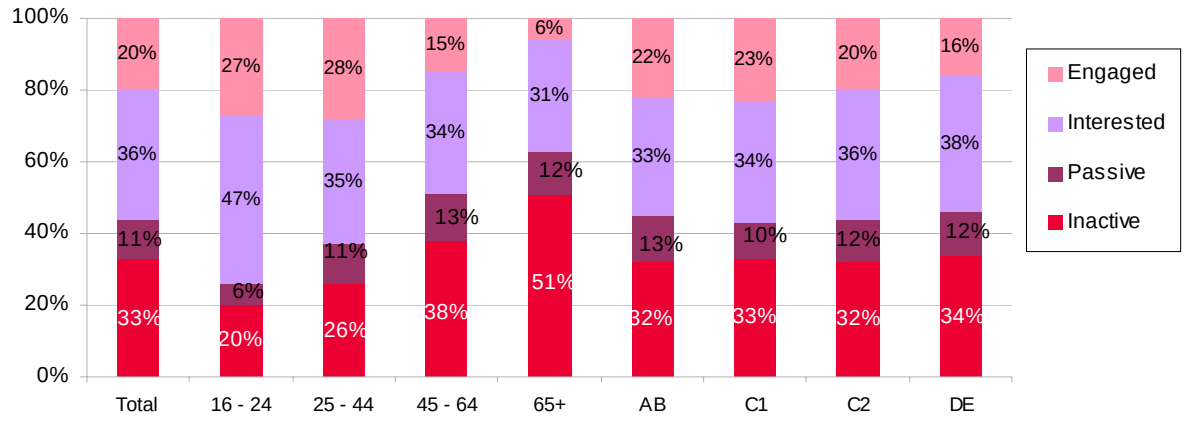
Figure 90: Demographic differences between participation segments in the fixed-line market



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

There are few significant demographic variations between levels of participation in the fixed-line market, with the exception of those who are 'engaged'. 25 to 44 year olds are significantly more 'engaged' (26%) than over-65s (17%) (Figure 90).

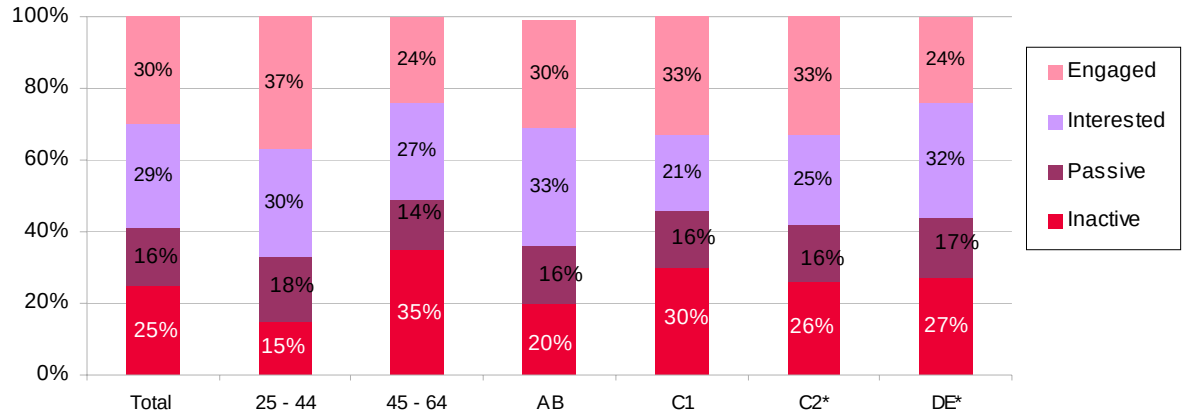
Figure 91: Demographic differences between participation segments in the mobile market



Base: All mobile phone decision makers (1211)
Source: Ofcom communications tracking survey 2007

Younger consumers (16-24 year olds) are more likely to be 'interested' in the mobile services market than any other age group, while the 25 to 44 age group is more likely to be 'engaged' than older consumers. Consumers who are in the DE socio-economic group are the least likely to be 'engaged' in the mobile market (Figure 91). Furthermore, consumers who spend more on their mobile phone bills are more likely to be participating.

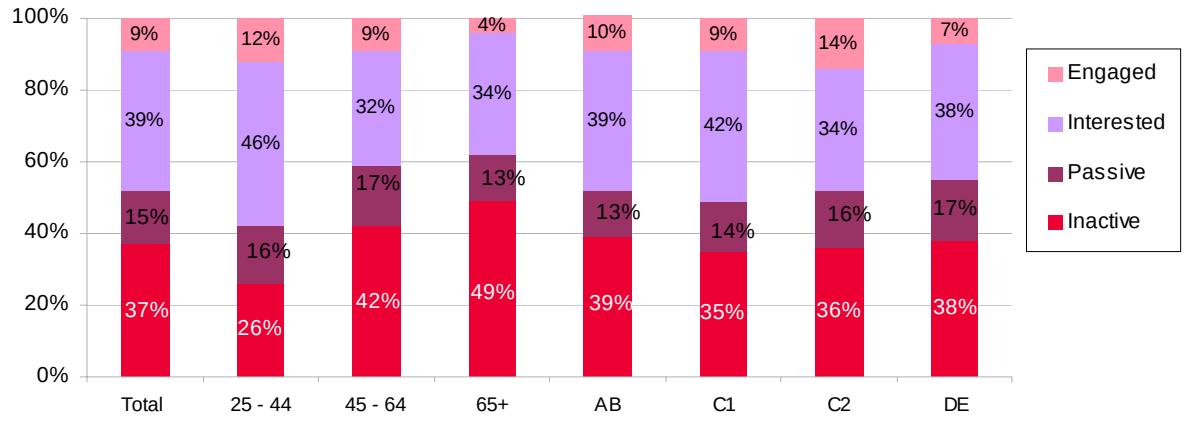
Figure 92: Demographic differences between participation segments in the broadband market



Base: All broadband decision makers (403)
Source: Ofcom decision making survey 2007

In the broadband market younger consumers (25-44 year olds) are more likely to be 'engaged' than 45-64 year olds. AB consumers are also the least likely to be 'inactive' in the broadband market (Figure 92).

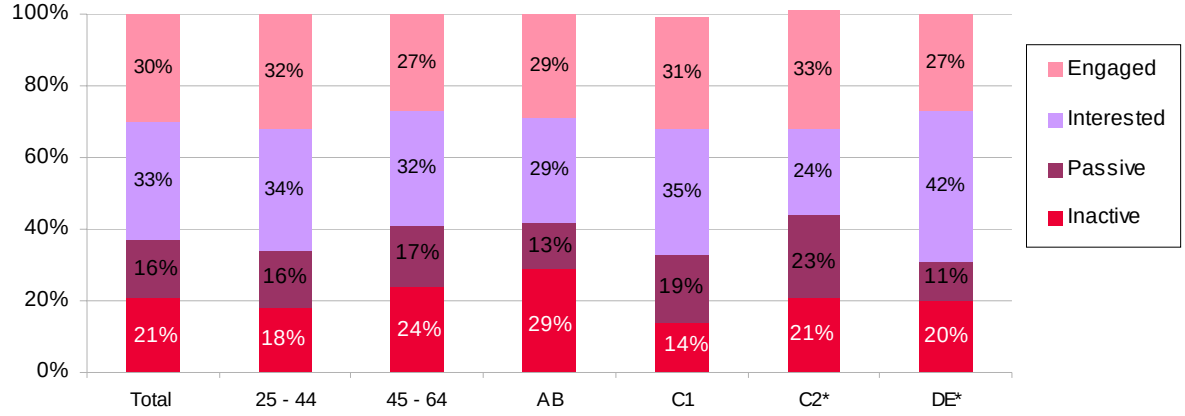
Figure 93: Demographic differences between participation segments in the multichannel TV market



Base: All MCTV decision makers (729)
Source: Ofcom decision making survey 2007

While all demographic groups have a lower level of participation than for other services, 25-44 year olds are the most likely to be participating, with 46% 'interested' in the multichannel TV market (Figure 93).

Figure 94: Demographic differences between participation segments in the bundled services market



* Caution small base size
Base: All bundled services decision makers (384)
Source: Ofcom decision making survey 2007

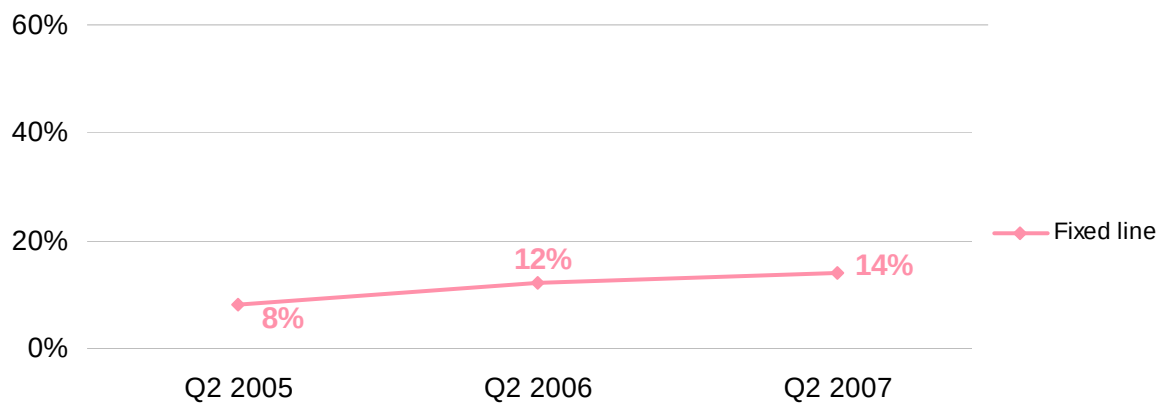
Due to small base sizes for individual demographic groups it is statistically difficult to show differences. However, it is possible to say that ABs are more likely to be inactive than C1 groups (Figure 94).

4.2 Consumer empowerment metric 2: switching in the communications markets

4.2.1 Switching fixed-line supplier

The overall level of switching in the telecoms market has remained relatively steady over the last 12 months.

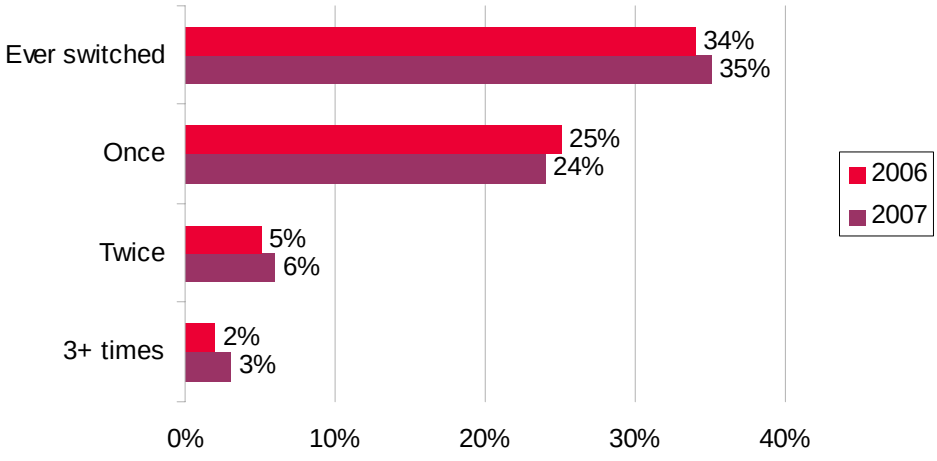
Figure 95: Switching in the fixed-line market in the past 12 months



[23]Base: All adults 15+ with fixed-line (1329)
Source: Ofcom communications tracking survey Q2 2007.

Currently 14% have switched their fixed-line supplier in last 12 months. This is a significant increase since 2005.

Figure 96: Number of times switched fixed-line supplier



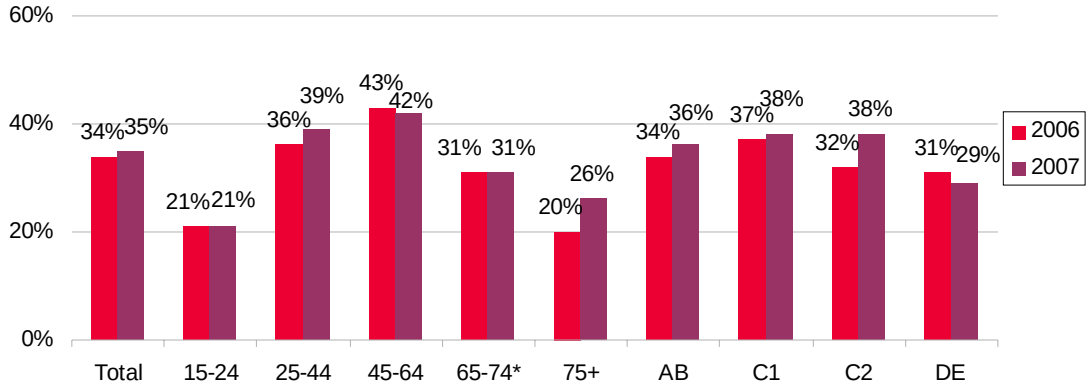
Base: All adults 15+ with a fixed-line Q2 2007 (1329) and Q2 2006 (2234)
Source: Ofcom communications tracking survey

There has been little change in switching history among fixed-line consumers, compared with 2006. Just over one-third report having ever switched their fixed-line supplier, with the majority of these consumers having switched once.

[23] Q2 2006 base sizes: fixed-line (2234), mobile (1883), internet (1244)

4.2.2 Consumers or households who have ever switched fixed-line supplier – demographic profile

Figure 97: Ever switched fixed-line supplier in household, by age and socio-economic group

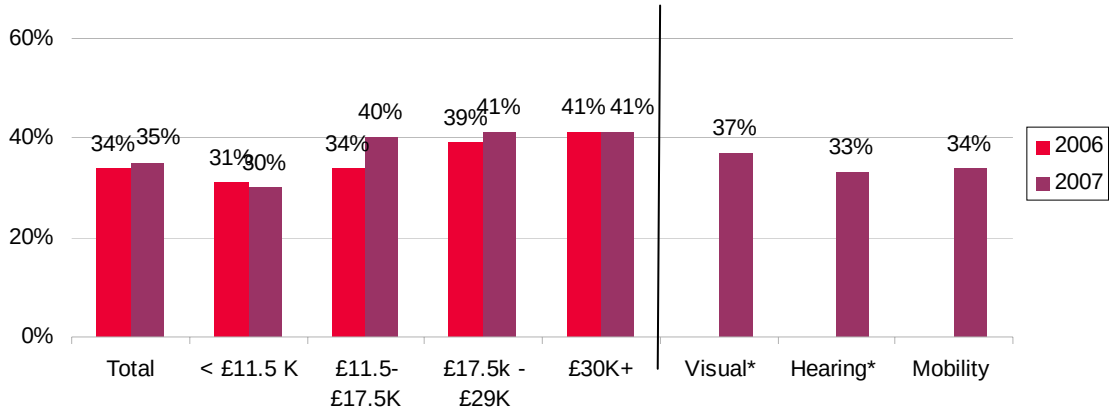


*Caution: Small base size
Base: All adults 15+ with a fixed-line Q2 2007 (1329) and Q2 2006 (2234)
Source: Ofcom communications tracking survey

Considering the relative stability in switching patterns, it is perhaps not surprising that there has been little change across demographic groups. Switching continues to be highest among 25-64 year olds and ABC1C2s. Younger (15-24) and older (75+) consumers are less likely to switch than others, and may be influencing the lower level of switching among DE groups.

Although Figure 97 suggests an increase in switching among 75+ year olds and C2s, this is not significant.

Figure 98: Ever switched fixed-line supplier in household, by income and disability



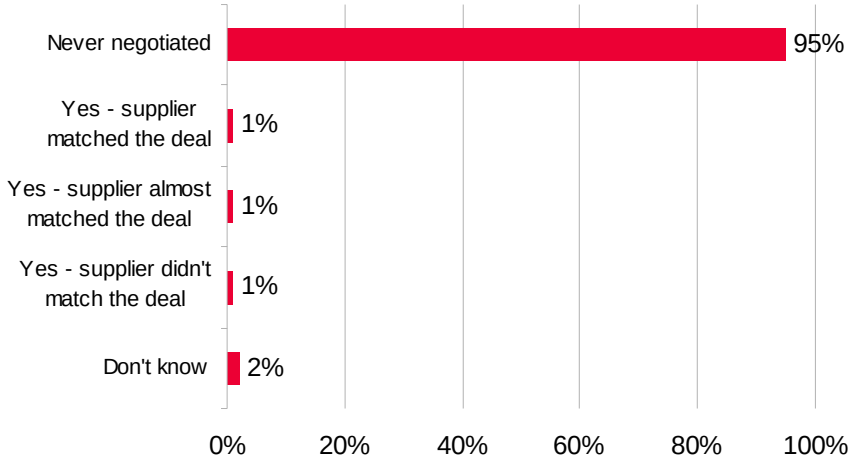
*Caution: Small base size
Base: All adults 15+ with a fixed-line Q2 2007 (1329) and Q2 2006 (2234)
Source: Ofcom communications tracking survey

Those consumers who earn more than £11.5K are more likely to have switched than those who earn less than £11.5K. Consumers who have a visual, hearing or mobility impairment are as likely to switch as others.

4.2.3 Proportion of consumers who have ever changed their fixed-line tariff or package

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

Figure 99: Ever negotiated with current supplier in the fixed-line market

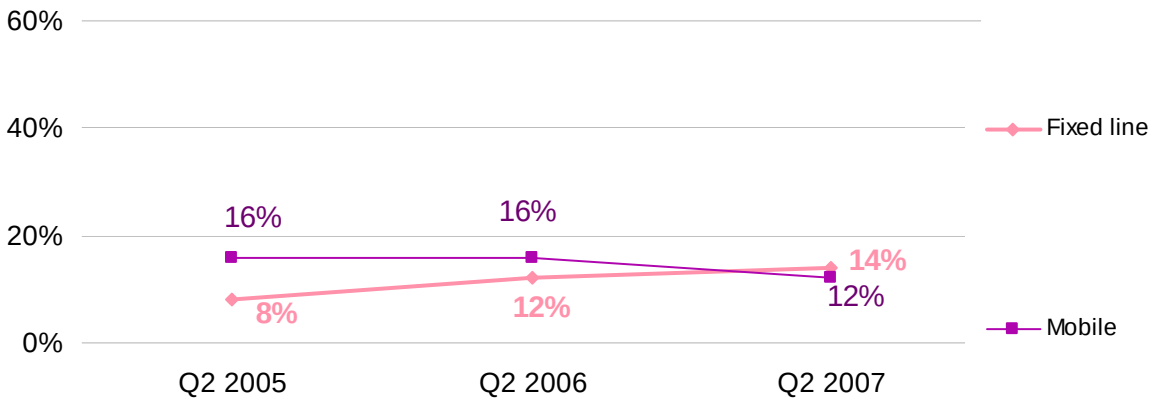


Base: All adults 15+ with fixed-line (n=1018)
Source: Ofcom decision making survey 2007

The vast majority of consumers (95%) have not 'actively'[24] attempted to negotiate with their current supplier; only three per cent have attempted to negotiate.

4.2.4 Switching mobile supplier

Figure 100: Switching in the mobile market in the past 12 months

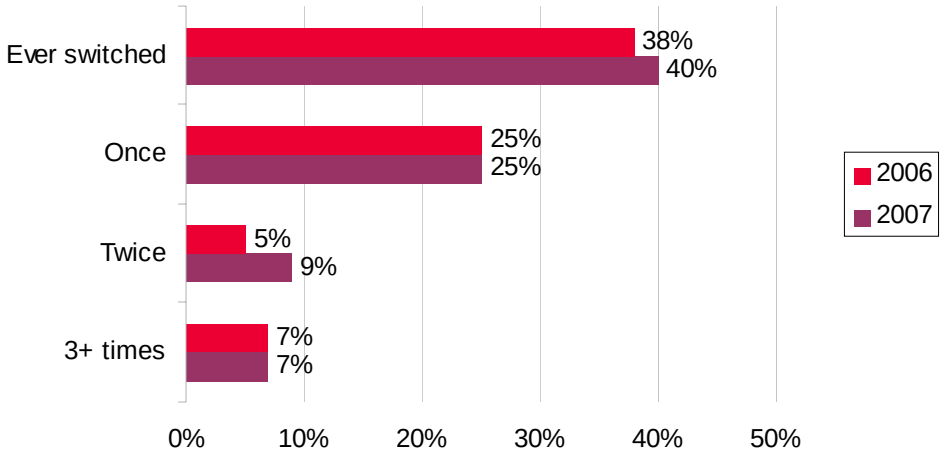


[25]Base: All adults 15+ with fixed-line (1329), mobile (1273)
Source: Ofcom communications tracking survey Q2 2007.

[24] By active we mean consumers who have contacted their supplier with the intention of negotiating a new deal with them.
[25] Q2 2006 base sizes: fixed-line (2234), mobile (1883),

Over one in ten mobile phone consumers have switched their mobile network operator. However, since 2006 the percentage of consumers who have switched in the last 12 months has decreased from 16% to 12%.

Figure 101: Number of times ever switched mobile network supplier

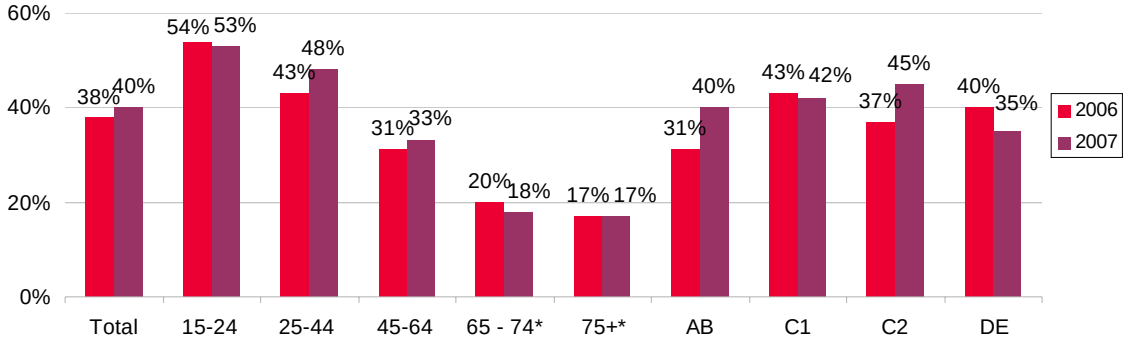


Base: All adults 15+ with a mobile Q2 2007 (1273) and Q2 2006 (1883)
Source: Ofcom communications tracking survey

Two in five consumers have ever switched suppliers, a quarter of consumers have switched once, and a minority of consumers (16%) have switched mobile suppliers at least twice. There has been a significant increase in the proportion of consumers who have switched twice, from 5% in 2006 to 9% in 2007.

4.2.5 Consumers or households who have ever switched mobile network supplier – demographic profile

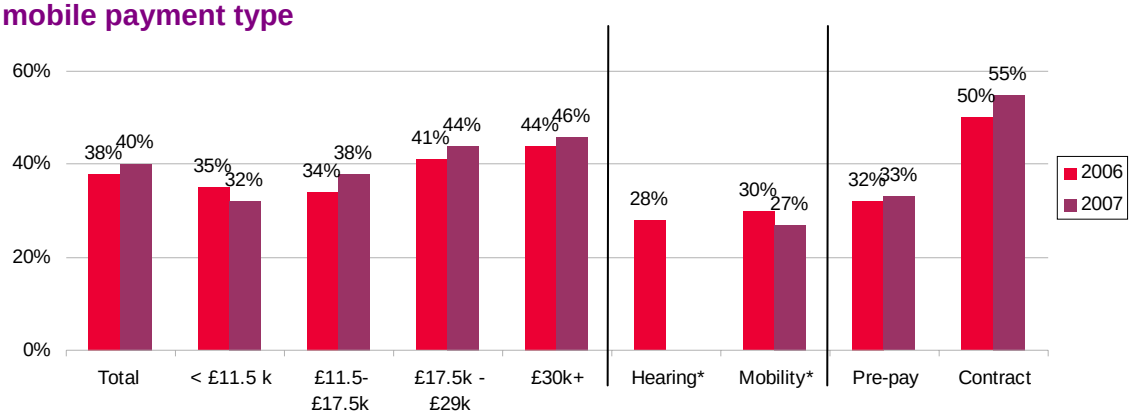
Figure 102: Ever switched mobile supplier in household, by age and socio-economic group



Base: All adults 15+ with a mobile Q2 2007 (1273) and Q2 2006 (1883)
Source: Ofcom communications tracking survey

There has been little change in the level of switching among different age groups and no significant changes over time. Older consumers continue to be less likely to switch, which may not be solely age related, as they are also more likely to have a pre-pay payment method.

Figure 103: Ever switched mobile supplier in household, by income and disability and mobile payment type

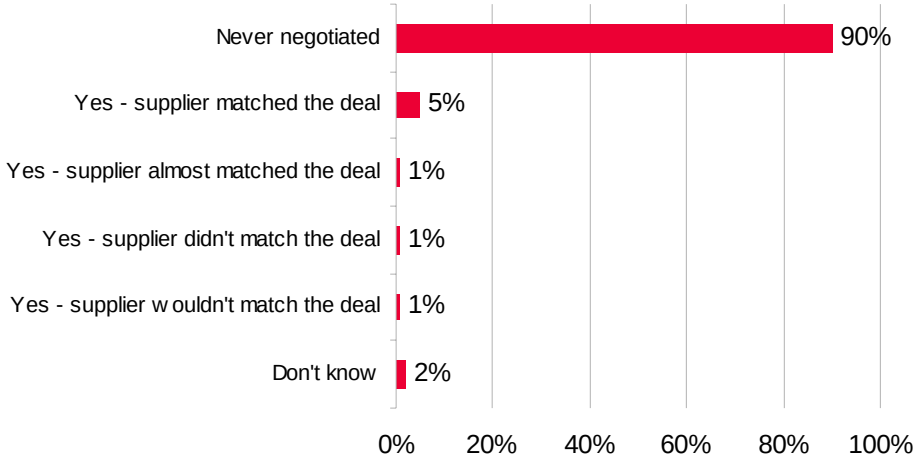


Caution: Small base size
Base: All adults 15+ with a mobile Q2 2007 (1273) and Q2 2006 (1883)
Source: Ofcom communications tracking survey

There has been some variation among income groups, with those earning more than £17.5K more likely to switch. Their switching behaviour is likely to be influenced by the fact that they are also more likely to have a mobile contract than other groups. Switching among consumers who have a mobile contract increased from 50% in 2006 to 55% in 2007 (Figure 103).

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

Figure 104: Ever negotiated with current supplier in the mobile market

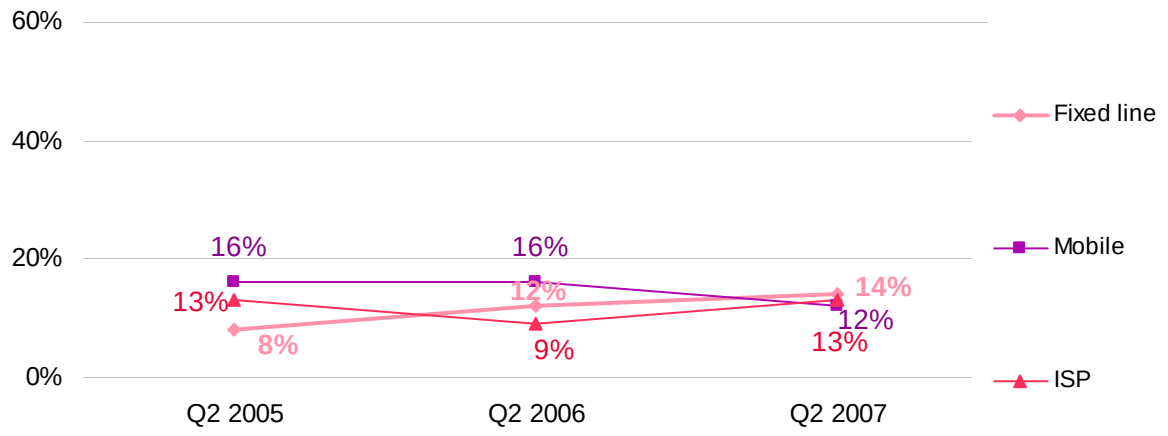


Base: All adults 15+ with fixed-line (n=1018)
Source: Ofcom decision making survey 2007

Although the majority of mobile consumers have not actively contacted their current supplier and asked them to match a deal in the past 12 months, they are more likely to have negotiated than fixed-line consumers. Eight per cent have asked their supplier to match a deal and 5% reported that their supplier did match the deal (Figure 104).

4.2.7 Switching internet service provider (ISP)

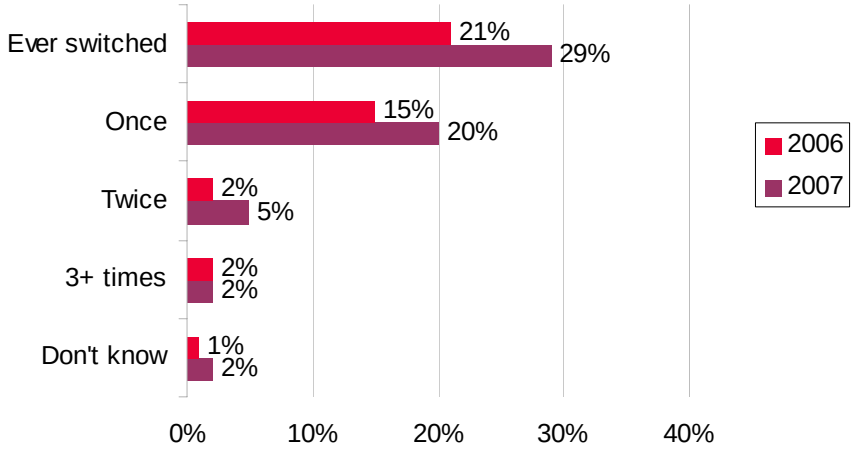
Figure 105: Switching in the internet market in the past 12 months



[26]Base: All adults 15+ with fixed-line (1329), mobile (1273) and internet (917)
Source: Ofcom communications tracking survey Q2 2007.

Switching internet service providers (ISPs) has increased over the last 12 months, from 9% in 2006 to 13% in Q2 2007 (Figure 105). This is perhaps unsurprising considering the significant changes that have taken place in the internet market since the first half of 2006, including price decreases and the introduction of 'free broadband' offers and bundled packages. It is also consistent with the higher level of engagement in the broadband market, as illustrated in the decision-making research.

Figure 106: Number of times switched ISP



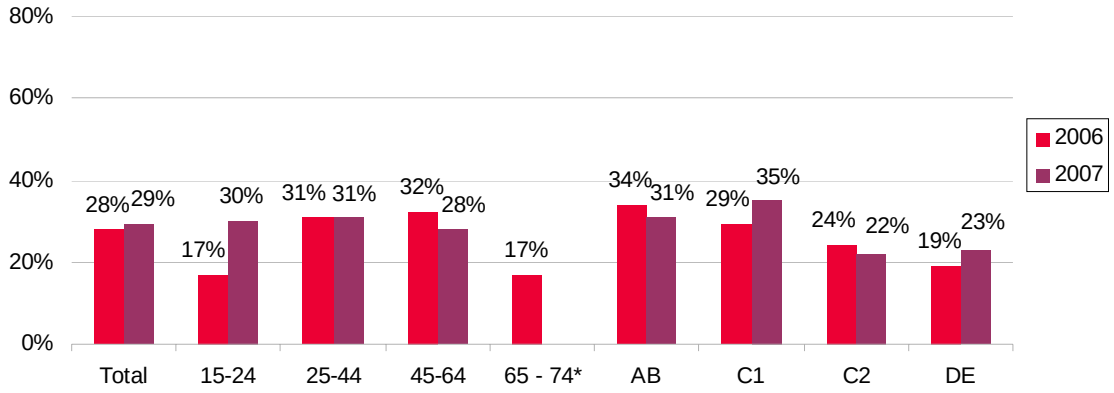
Base: All adults 15+ with internet access Q2 2007 (917) and Q1 2006 (1244)
Source: Ofcom communications tracking survey

Figure 106 shows a significant increase in the proportion of consumers who have ever switched ISP since 2006. Twenty per cent of internet consumers have switched ISP once, while 7% have switched twice or more.

[26] Q2 2006 base sizes: fixed-line (2234), mobile (1883), internet (1244)

4.2.8 Consumers or households who have ever switched ISP – demographic profile

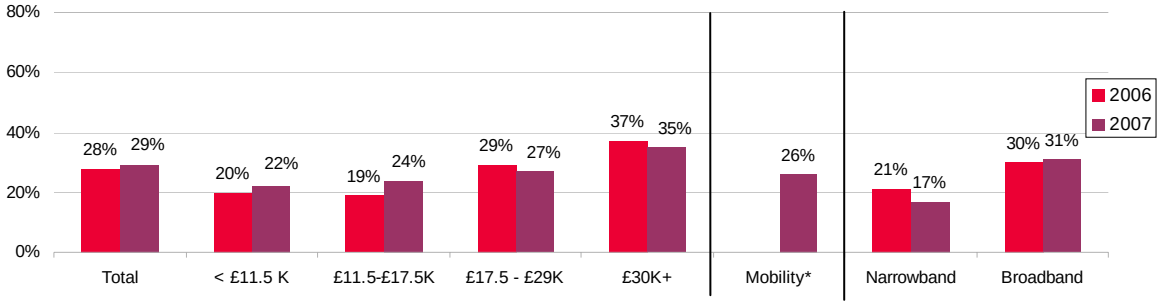
Figure 107: Ever switched ISP in household, by age and socio-economic group



*Caution: Small base size
Base: All adults 15+ with internet access Q2 2007 (917) and Q2 2006 (1244)
Source: Ofcom communications tracking survey

Figure 107 shows that the greatest increase in those who have ever switched is among 15-24 year olds, where the proportion increased from 17% in 2006 to 30% in 2007. ABC1s are more likely to have ever switched than other groups.

Figure 108: Ever switched ISP in household, by income disability and internet connection

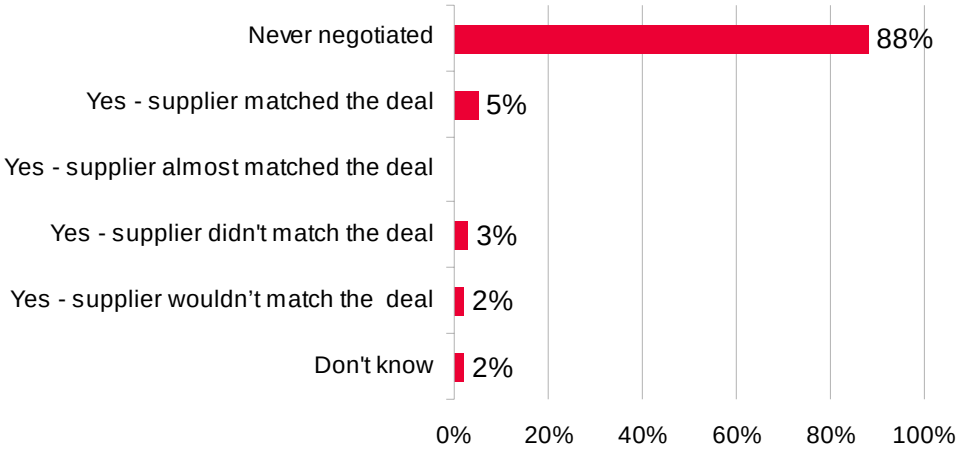


* Caution: Small base size
Base: All adults with internet access Q2 2007 (988) and Q2 2006 (1244)
Source: Ofcom communications tracking survey

Consumers earning over £30K continue to be most likely to switch, compared with other income groups. Those with a broadband connection are more likely to have switched suppliers than those with a narrowband connection.

4.2.9 Proportion of consumers who have ever negotiated with their broadband

Figure 109: Ever negotiated with current supplier in the broadband market



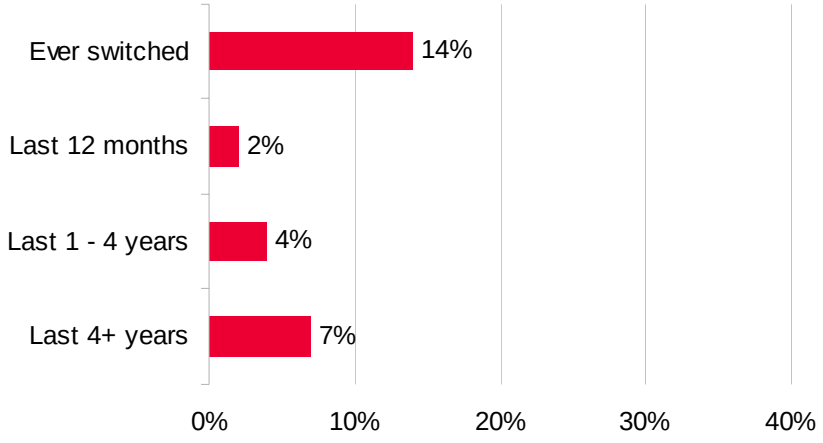
Base: All adults 15+ with broadband (403)
Source: Ofcom decision making survey 2007

The majority of consumers have not tried to negotiate with their broadband supplier, while 10% have negotiated, and 5% of these have done so successfully.

4.2.10 Switching multichannel TV provider

Please note that it is not possible to show switching behaviour in the multichannel TV market over time. Switching data analysed for multichannel TV and bundled services differs due to the different data source used compared with the analysis of switching in the fixed-line, mobile and broadband markets.

Figure 110: Proportion of consumers that have ever switched multichannel TV supplier

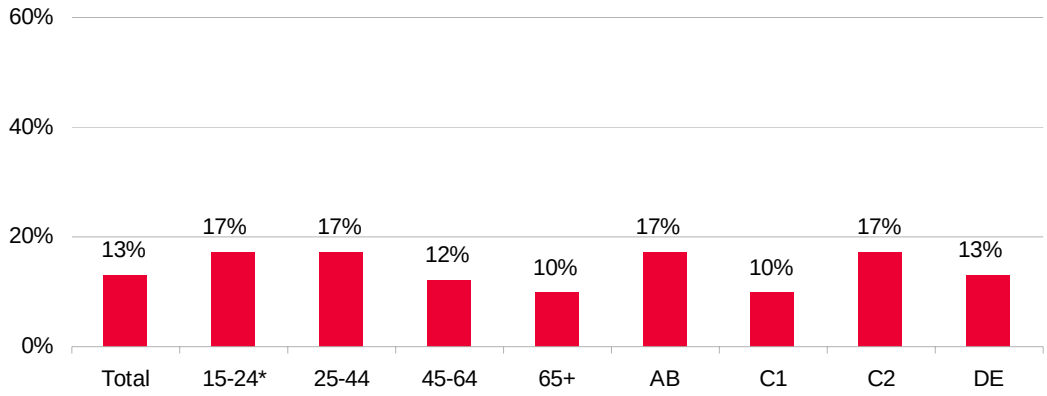


Base: All adults 15+ with a multichannel TV (729)
Source: Ofcom decision making survey 2007

Fourteen per cent of multichannel consumers have ever switched, with most of this switching taking place more than four years ago.

4.2.11 Demographic profile of consumers who have ever switched multichannel TV supplier

Figure 111: Consumers who have ever switched multichannel TV supplier, by age and socio-economic group

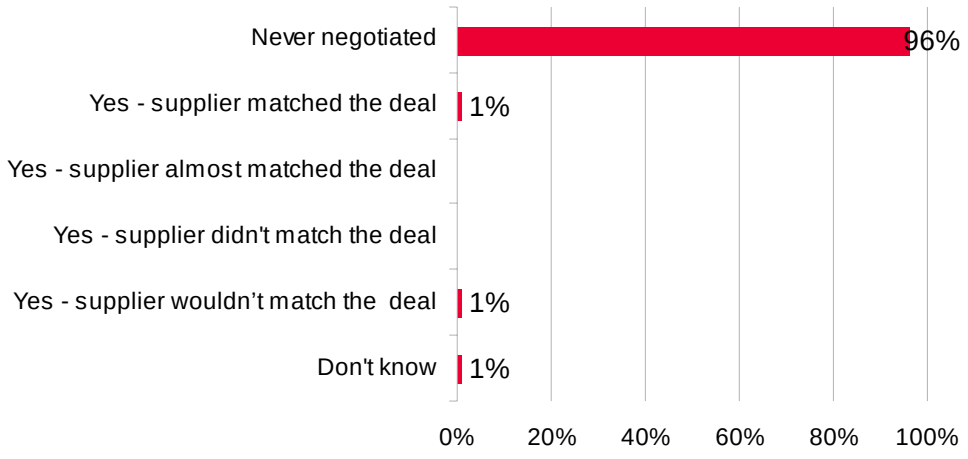


*Caution small base size
Base: All adults 15+ with multichannel TV (729)
Source: Ofcom decision making survey 2007

Consumers under 45 are more likely to have switched multichannel TV provider, as are those in the AB and C2 groups.

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

Figure 112: Ever negotiated with current supplier in the multichannel TV market



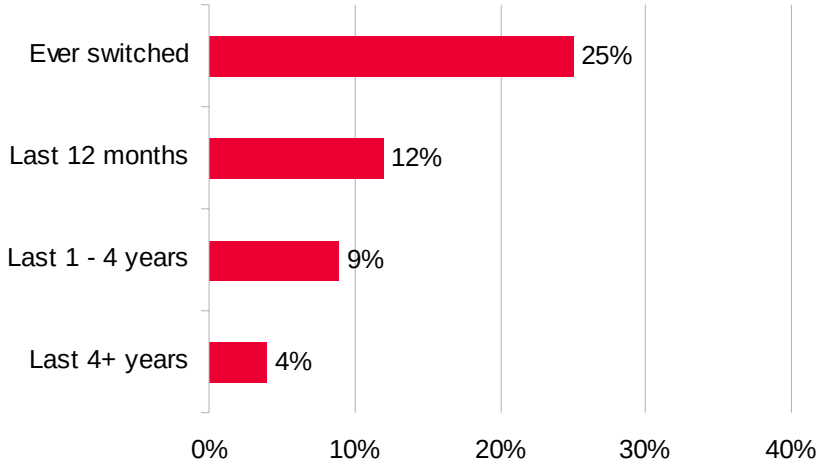
Base: All adults 16+ with multichannel TV (476)
Source: Ofcom decision making survey 2007

Only 2% of consumers have ever asked their multichannel TV supplier to match a deal – lower than in other communications markets.

4.2.13 Switching bundled services supplier

Please note that it is not possible to show switching behaviour in the bundled services market over time.

Figure 113: Proportion of consumers that have ever switched bundled services supplier

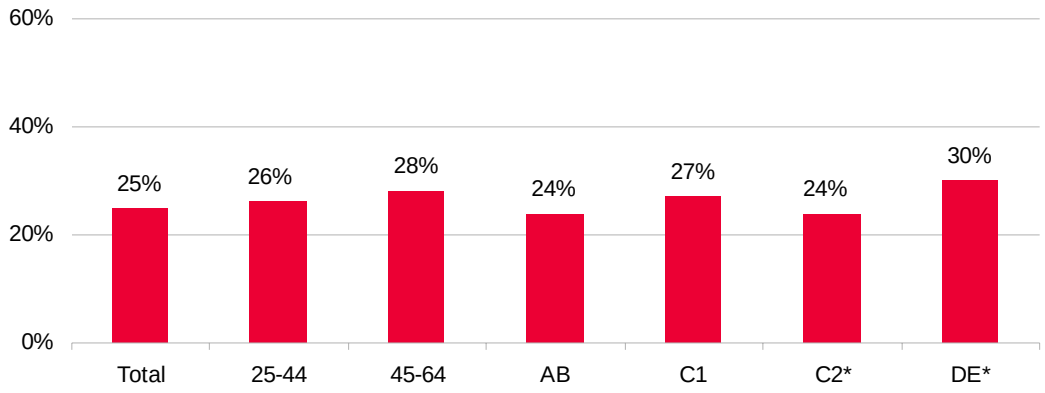


Base: All adults 16+ with bundled communications services (384)
Source: Ofcom decision making survey 2007

One quarter of consumers have ever changed their bundle supplier, although most of this movement is due to consumers moving from a single service supplier to a bundled supplier. Only 4% have ever changed the supplier of their entire bundled package. Although cable bundles have been available for some time, new bundles have become available in this market, which may have influenced the recent level of switching.

4.2.14 Demographic profile of consumers who have ever switched bundled services supplier in the communications market

Figure 114: Consumers who have ever switched bundled communications services supplier, by age and socio-economic group

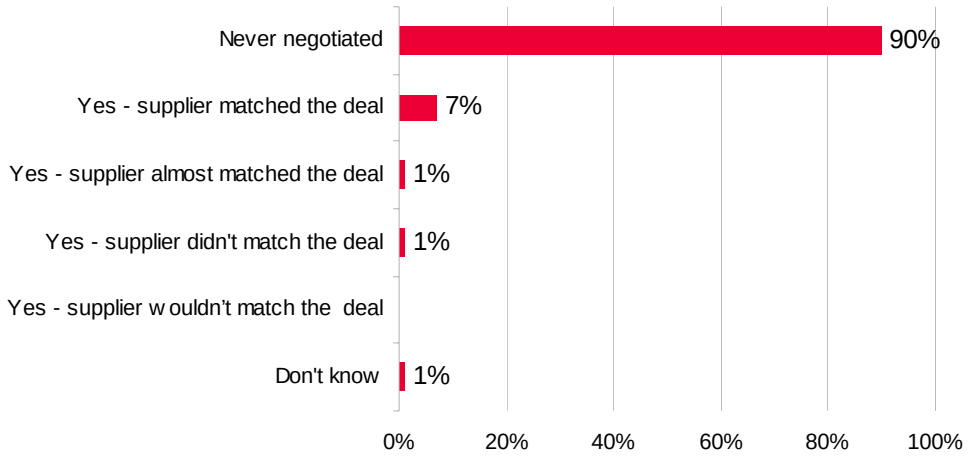


*Caution: Small base size.
Base: All adults 15+ who have bundled communications services
Source: Ofcom decision making survey 2007

There is little variation either by age or socio-economic group. Where there is variation, it is not possible to say whether it is statistically significant due to low base sizes.

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

Figure 115: Ever negotiated with current bundled communications services supplier

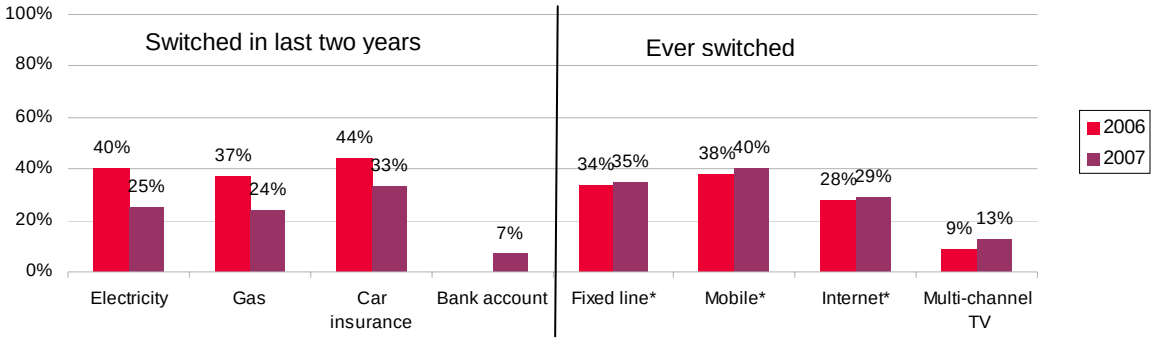


Base: All adults 15+ with bundled services (346)
Source: Ofcom decision making survey 2007

Nine per cent of bundled consumers have tried to negotiate with their current supplier, and in most cases they were successful.

4.2.16 Comparisons with switching levels in other markets

Figure 116: Switching in the past two years across communications and utilities



Base: All adults with fixed-line (2006, 2234) (2007, 1329) mobile (2006, 1883) (2007, 1273), internet (2006, 1374) (2007, 917), multichannel TV (2006, 416) (2007, 800), electricity (2006, 495) (2007, 1479), gas (2006, 448) (2007, 1575), car insurance (2006, 432) (2007, 1479), bank account (2007, 1400)
Source: Ofcom decision making survey 2006 and 2007, Ofcom communications tracking survey (Q2 2006 and Q2 2007)

Consumers were asked whether they had switched certain utilities in the last two years. Of the utilities asked about, switching was most likely to have occurred with car insurances suppliers followed by electricity and gas. Levels of switching appear to have decreased significantly (however this could also be influenced to some extent by a different survey used).

Additional qualitative insights on the experience of consumers with hearing impairments

Qualitative evidence indicates that switching suppliers among hearing-impaired consumers may be lower than in the general population, due to lower confidence levels deriving from the hearing impairment. Due to small base sizes it is difficult to say whether this is the case quantitatively.

The research also indicated that the switching that did occur resulted from dissatisfaction with services and tariffs not specifically tailored to those with hearing impairments, rather than as a result of a proactive search for the best and most appropriate service.

Specifically, there was evidence that there is a lack of appropriate services for those with hearing impairments, most notably from call centres, and that this lack was contributing to – if not triggering – switching. For example, one respondent mentioned switching from a mobile phone operator as a result of the lack of a text-based, value for money tariff geared to his needs.

There was also evidence from the research that consumers would like be able to judge potential suppliers on the basis of the specific services each offers to those with hearing impairments, but that they felt suppliers did not currently compete on this basis, or provide this type of information.

Additional qualitative insight on the experience of consumers earning less than £15K

For most segments, there appeared to be little hesitation or concern about switching supplier connected with low income status.

Overall, switching activity appeared to be fairly limited for a number of reasons, including:

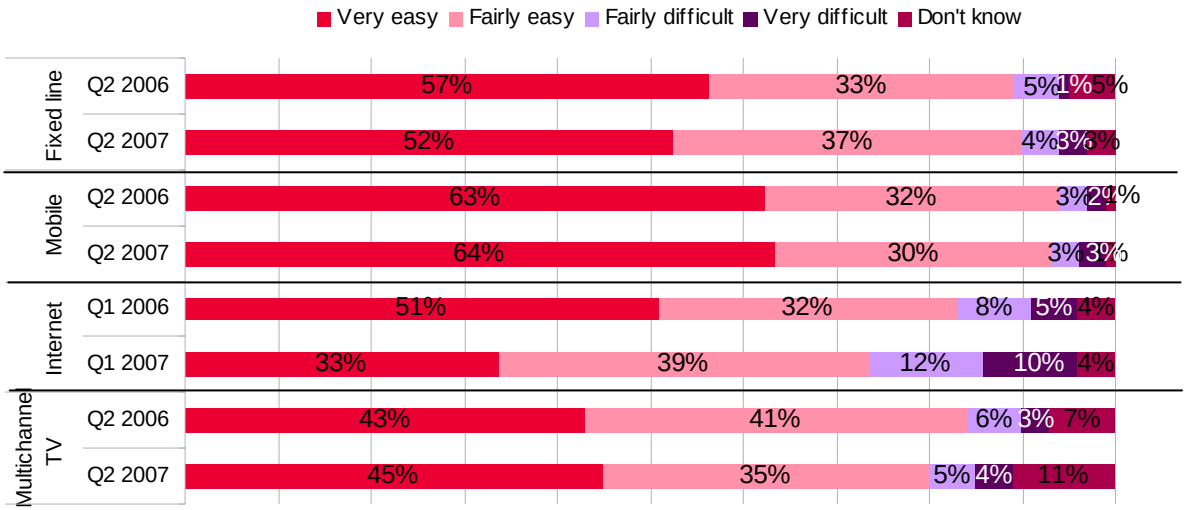
- consumers were generally happy with their current services and felt no need to switch;
- general inertia;
- recent experiences with switching utilities had shown there was little benefit;
- several thought, mistakenly, that switching PAYG mobiles meant a change of number; and
- a perception that the market was designed to reduce switching - extended contracts, perceived lack of competition in bundled offerings and large numbers of offerings overall left many consumers confused as to whether there was any benefit in switching.

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

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

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

Figure 117: Consumer opinion of ease of switching supplier among those who have ever switched



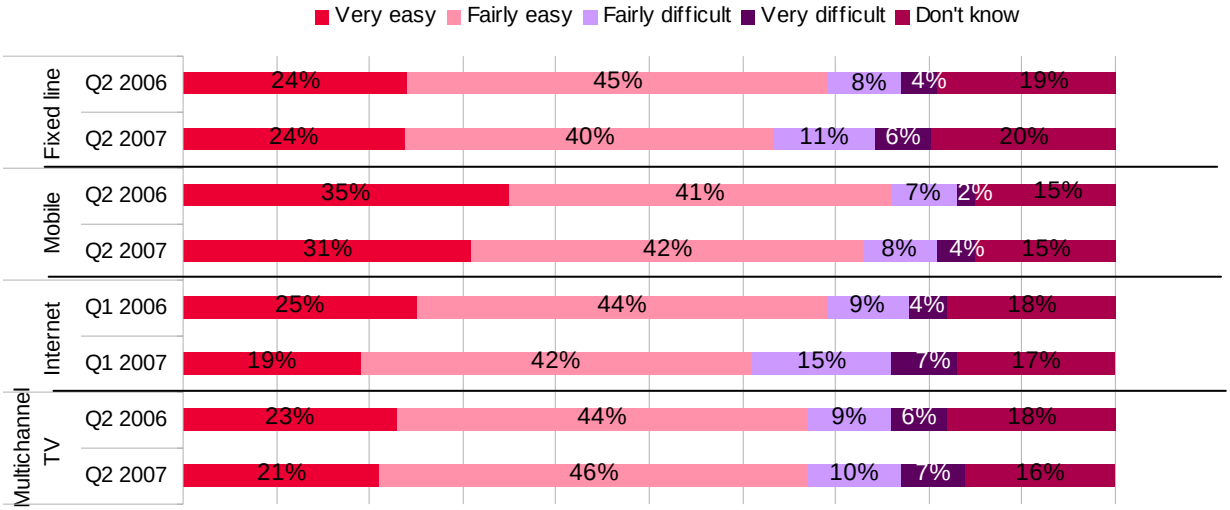
Base: All adults who have ever switched fixed-line supplier (2006, 748) (2007 463), mobile supplier (2006, 747) (2007 526), internet supplier (2006, 284) (2007, 259), TV supplier (2006, 281) (2007 213)
Source: Ofcom communications tracking survey Q1 2006 and Q1 2007

The majority of consumers who have switched in the past state that is 'very' or 'fairly' easy to do so in each of the communications markets. There has been little change in how easy consumers think switching is in the fixed-line and mobile markets. However, there has been a decrease in the perceived ease of switching ISPs. This is consistent with increases in the number of complaints received by Ofcom and will be explored further in the policy document that accompanies this publication[27].

[27] http://www.ofcom.org.uk/research/tce/

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

Figure 118: Perceived consumer opinion of ease of switching supplier among those who have never switched



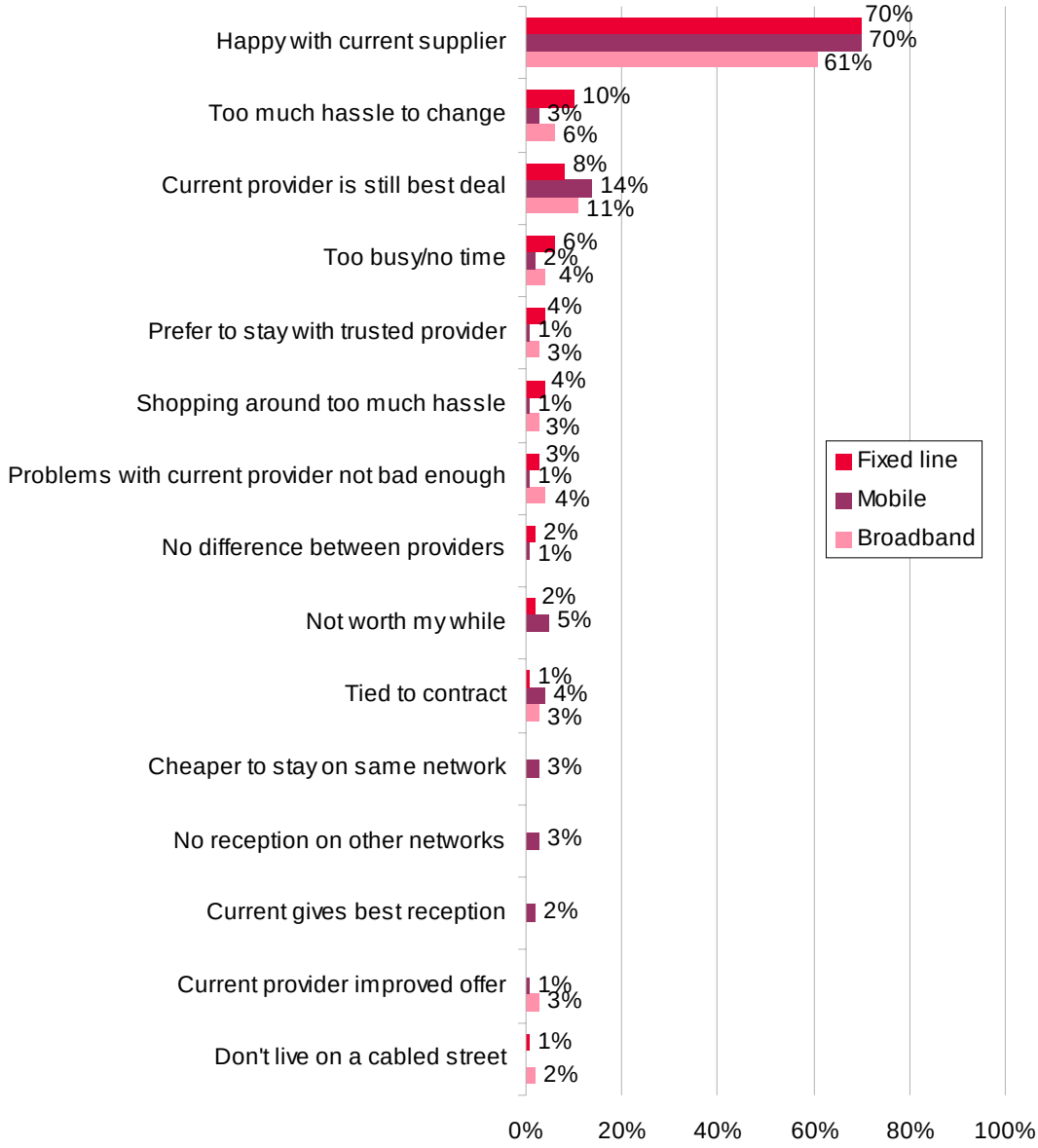
Base: All adults who have never switched fixed-line supplier (2006, 1419) (2007, 827), mobile supplier (2006, 1195) (2007, 763), internet supplier (2006, 991) (2007, 646), TV supplier (2006, 1474) (2007, 1014)
Source: Ofcom communications tracking survey Q1 2006 and Q1 2007

The majority of consumers who have never switched believe it will be ‘very’ or ‘fairly’ easy to change supplier, although this is lower than among those who have switched in the past. This may mean that perception of ease of switching is not borne out by reality for some consumers. Despite the majority believing it is easy to switch, there has been a decrease in the perceived ease of switching fixed-line suppliers and ISPs. The proportion of consumers saying they don’t know how easy it would be to switch has remained broadly stable.

4.3.3 Barriers to switching suppliers

Figure 119 below shows the spontaneous reasons consumers give for not switching, despite having considered it.

Figure 119: Reasons for not switching suppliers

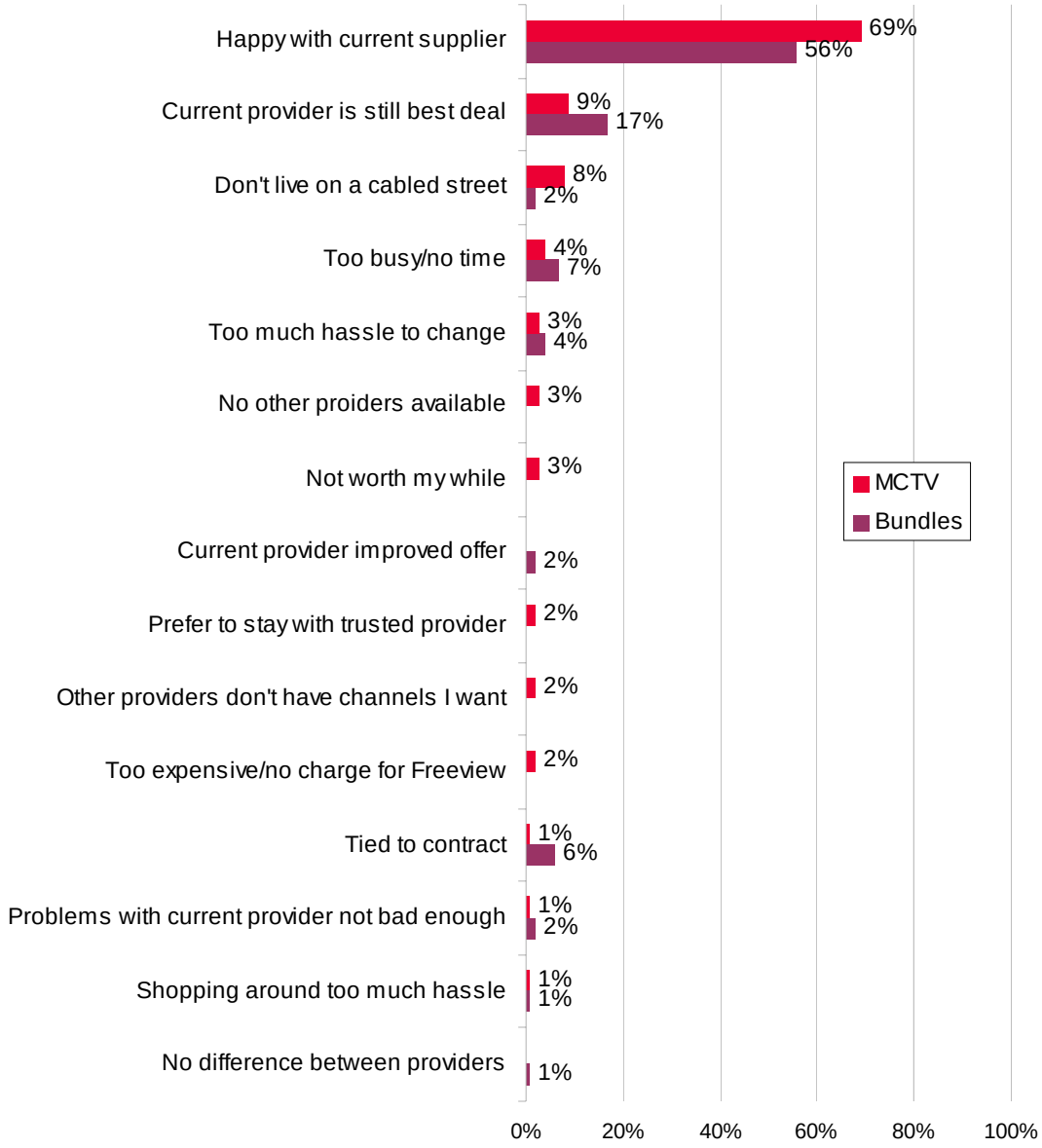


Base: All decision makers who considered switching in the past but didn't (fixed-line 897) (mobile 1044) (broadband 337)
Source: Ofcom decision making survey 2007

Across all communications services, the most-mentioned reason for not switching communications services is that consumers are happy with their current suppliers (Figure 119 and Figure 120).

Among fixed-line consumers, one in ten stated that it was too much hassle to switch followed by 6% who said they were too busy. Fourteen per cent of mobile consumers found their current provider still offers the best deal, as did one in ten broadband consumers.

Figure 120: Reasons for not switching suppliers – multichannel TV and bundles



Base: All decision makers who considered switching in the past but didn't (MCTV 765) (Bundles 321)
Source: Ofcom decision making survey 2007

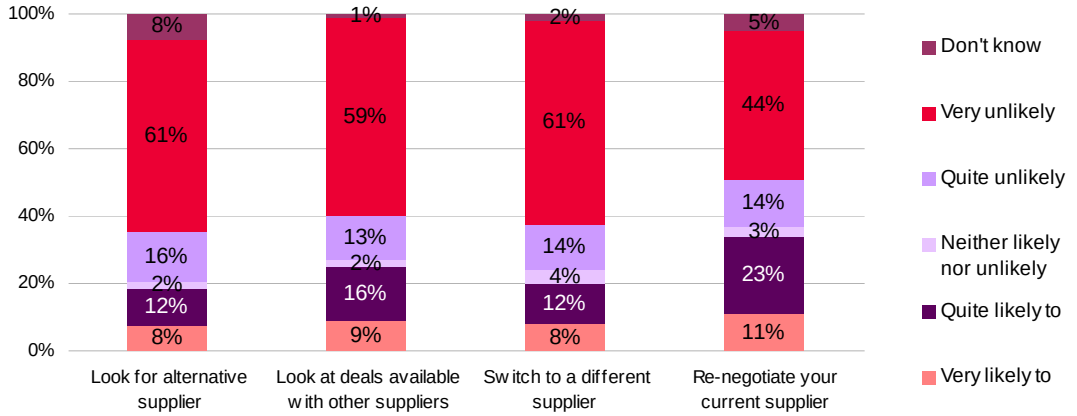
Among multichannel TV consumers, 9% state their current provider offers the best deal and 8% state their reason for not switching is the fact they don't live on a cabled street.

Seventeen per cent of bundled consumers believe their current provider still offers the best deal.

4.3.4 Future switching intentions: Fixed-line market

This section investigates consumers' anticipated future activity in each of the communications markets. It is important to remember that when people describe their potential future behaviour there is often an element of over-claim, only a small proportion of consumers will actually follow through with what they have claimed.

Figure 121: Claimed future switching intentions: fixed-line market



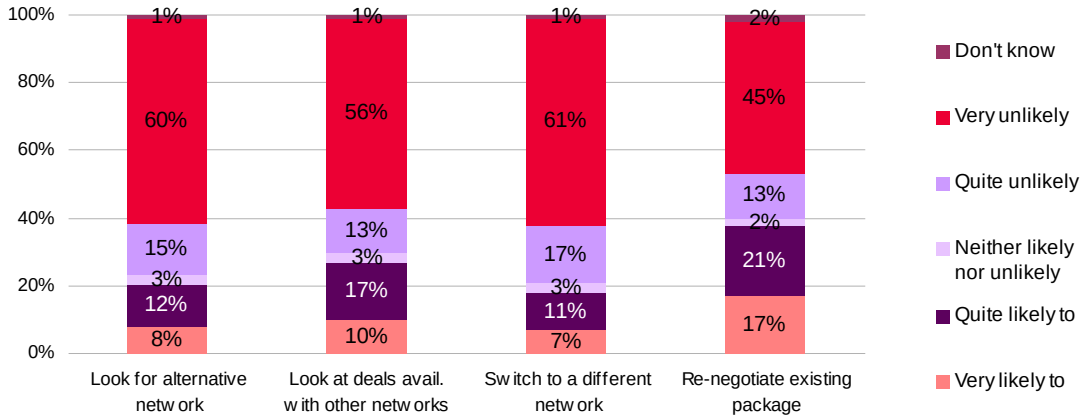
Base: All fixed-line decision makers (1018)
Source: Ofcom decision making survey 2007

Although the majority of consumers tend to say they are unlikely to do specific participation activities in the fixed-line market in the next 12 months, a significant minority claim they will look around, switch or renegotiate with their current supplier.

Renegotiating with the current supplier is the activity most likely to happen, with over one-third of consumers saying they are likely to do this in the next 12 months (Figure 121). Around one in five consumers say they are likely to look for alternative suppliers, deals or even switch to a different supplier in the next 12 months.

4.3.5 Future switching intentions: mobile market

Figure 122: Claimed future switching intentions: mobile market

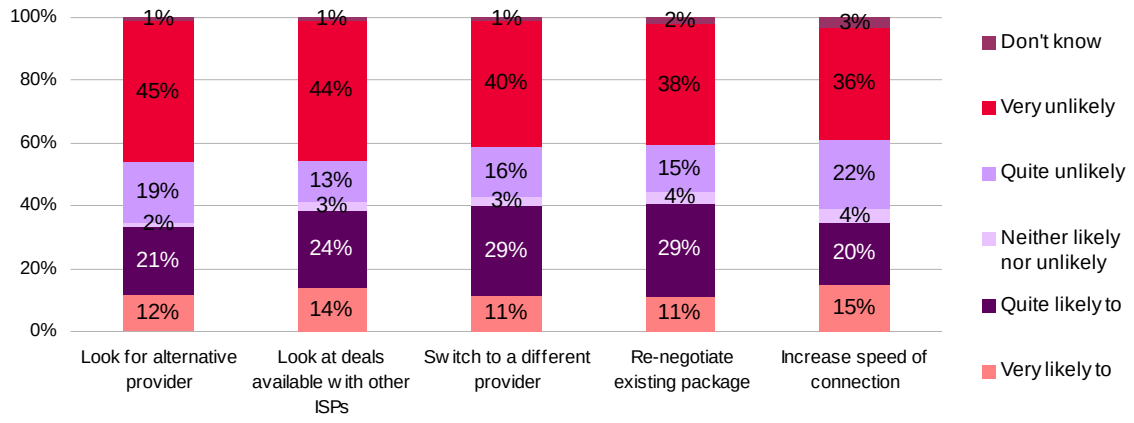


Base: All mobile decision makers (1211)
Source: Ofcom decision making survey 2007

Figure 122 shows that future intentions in the mobile market are similar to those in the fixed-line market, with renegotiating existing packages the most likely activity in the next 12 months (38%).

4.3.6 Future switching intentions: broadband market

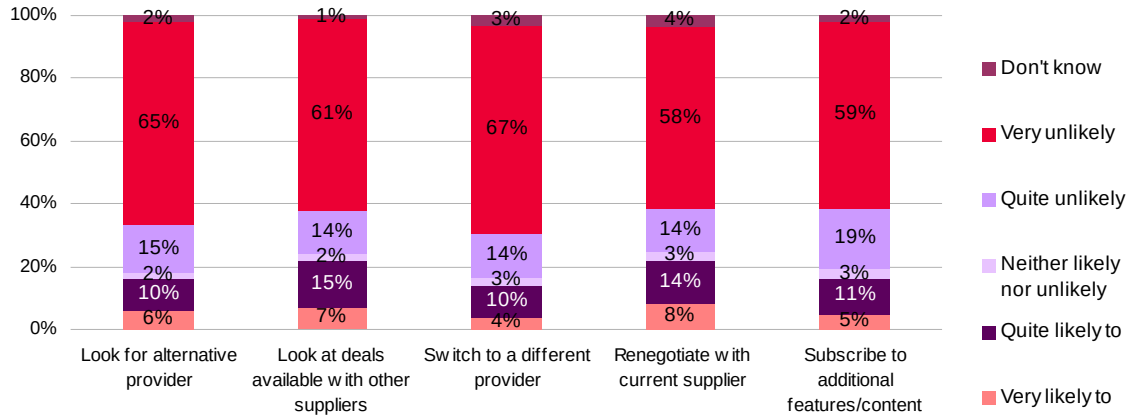
Figure 123: Claimed future switching intentions: broadband market



Base: All broadband decision makers (403)
Source: Ofcom decision making survey 2007

Compared to the telephony markets, a higher proportion of consumers' state they are likely to assess their options or make changes to their current deal in the next 12 months. Over a third of consumers say they are likely to look at deals with other providers, switch to a different provider, renegotiate their package or increase the speed of connection (Figure 123). This higher level of claimed future activity compared with the other communications markets confirms a more engaged market. It could also be due to the decreasing level of satisfaction in the broadband market discussed earlier.

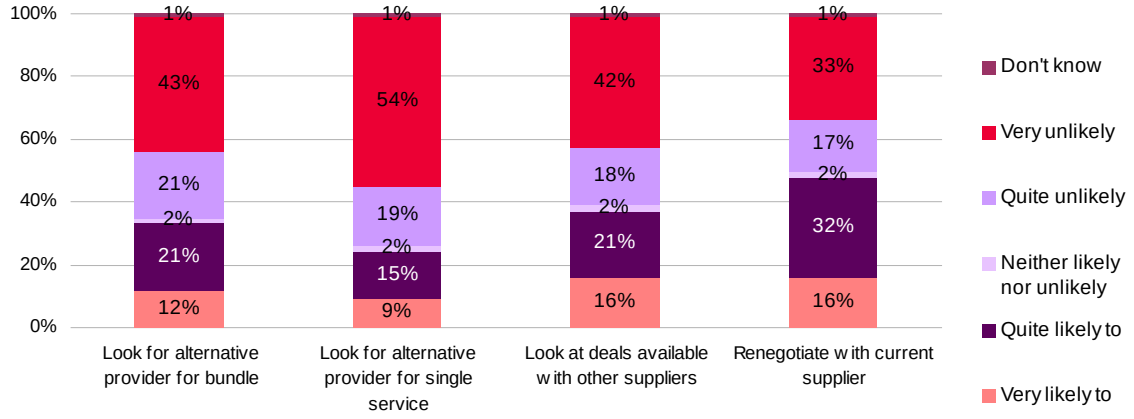
Figure 124: Claimed future switching intentions: multichannel TV



Base: All multichannel TV decision makers (729)
Source: Ofcom decision making survey 2007

Consumers in the multichannel TV market are the least likely to have future switching intentions, compared to the other communications markets. As mentioned earlier this could be influenced by the fact that there are fewer operators in the market compared with telecoms and broadband. Just over one-fifth state they are likely to look at deals available from other suppliers and to renegotiate with a current supplier (Figure 124).

Figure 125: Claimed future switching intentions: bundled communications services



Base: All bundled communications services decision makers (384)
Source: Ofcom decision making survey 2007

Within the bundled services market there is a higher likelihood of future switching behaviour. Nearly half of all consumers (48%) state they are likely to renegotiate with their current supplier in the next 12 months (Figure 125).

4.4 Consumer empowerment metric 4: awareness of trusted information sources

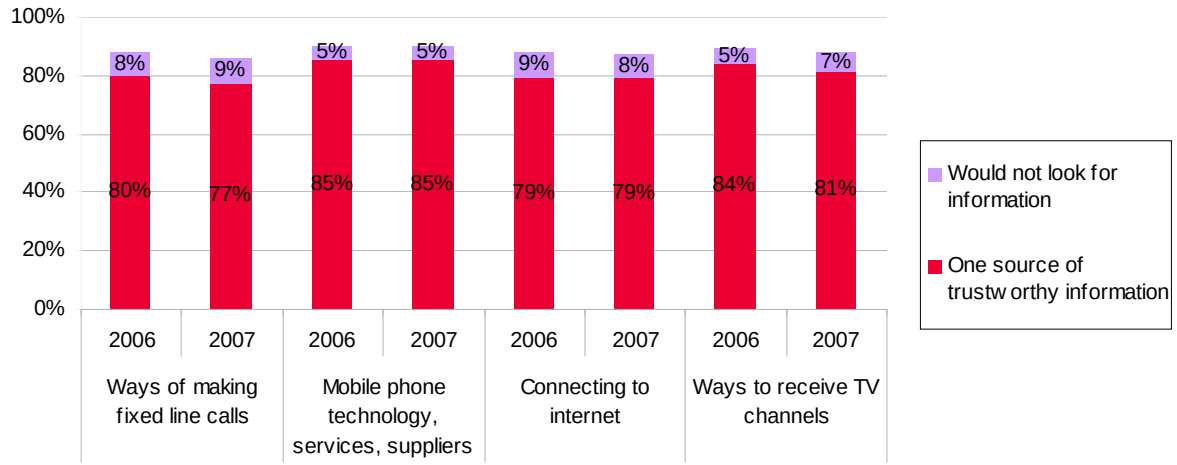
4.4.1 Awareness of trusted information

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

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

Figure 126 shows that the majority of consumers can name at least one trusted source of information that they would use to explore communications markets. This has hardly changed since 2006.

Figure 126: Awareness of trusted information sources

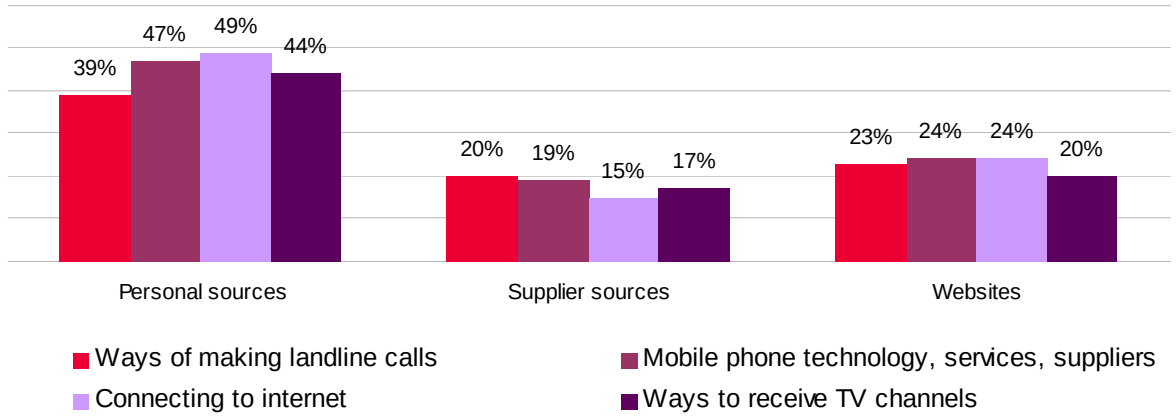


Source: Ofcom communications tracking survey. Base: UK adults Q1 2007 (2311), Q1 2006 (1505)

The majority of consumers state at least one source of trustworthy information in each of the communications markets. However, a small minority continue to state that they would not look for information at all.

4.4.2 Types of trusted sources of information

Figure 127: Unprompted sources of trusted information



Base: UK adults Q1 2007 (2311), Q1 2006 (1505)
Source: Ofcom communications tracking survey.

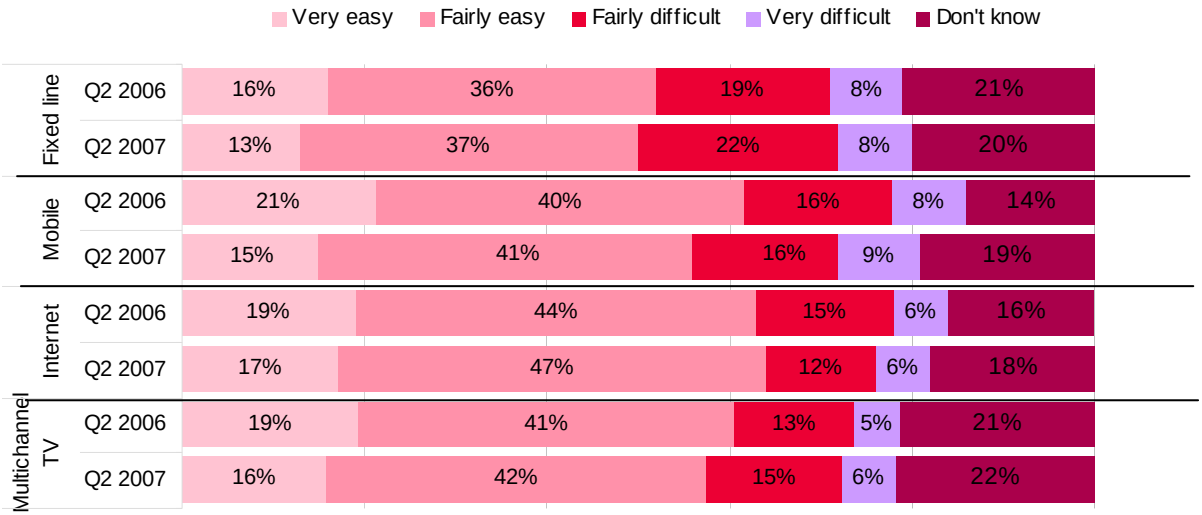
Personal sources continue to be the most mentioned source of trusted information across all platforms. Websites are the next most mentioned source of information, followed by supplier sources.

In general older consumers (65+) are less likely than average to use websites or suppliers for trusted information. Consumers who earn less than £17.5K are more likely to use personal sources, while those earning £30K+ are more likely to use suppliers and websites.

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

Difficulty making cost comparisons, whether based on experience or perception, is important to understand, in order to address what could be a barrier to taking advantage of a competitive market.

Figure 128: Consumer opinions on ease of making cost comparisons

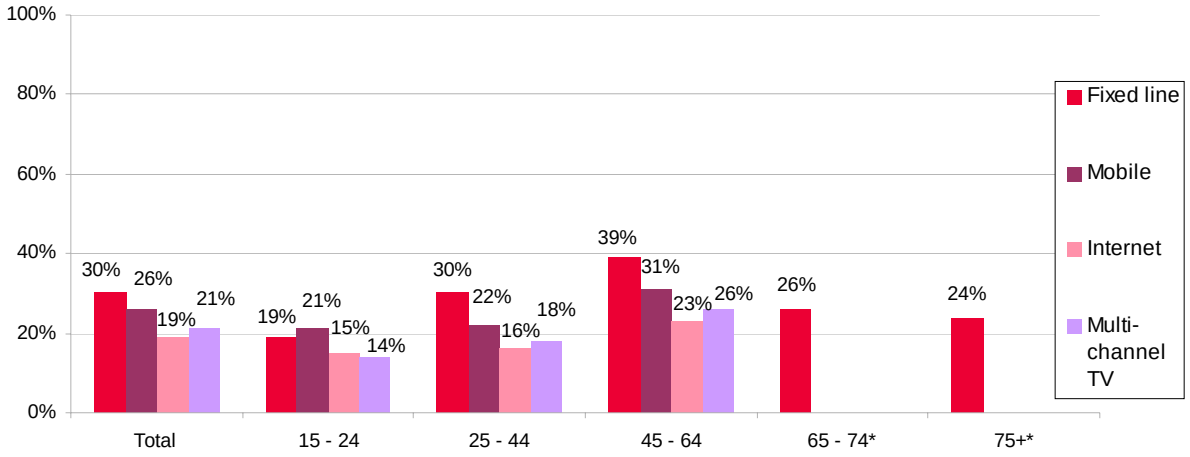


Base: All Adults with fixed-line (2006, 2234) (2007, 1350) mobile (2006, 1883) (2007, 1273) internet (2006, 1479), multichannel TV (2006, 1784) (2007, 1211)
Source: Ofcom communications tracking survey Q2 2007

Consumer opinion appears to be polarised about ease of making cost comparisons. Half of fixed line consumers think it is easy to make cost comparisons, while half think it is difficult or they don't know. Among mobile, internet and multichannel TV consumers over half believe it is easy to make cost comparisons however, a significant minority believe it is difficult or they don't know. There has been a significant decrease in the proportion of consumers who think it is easy to make cost comparisons between mobile suppliers, and a corresponding increase in the proportion who don't know whether it is easy or difficult.

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

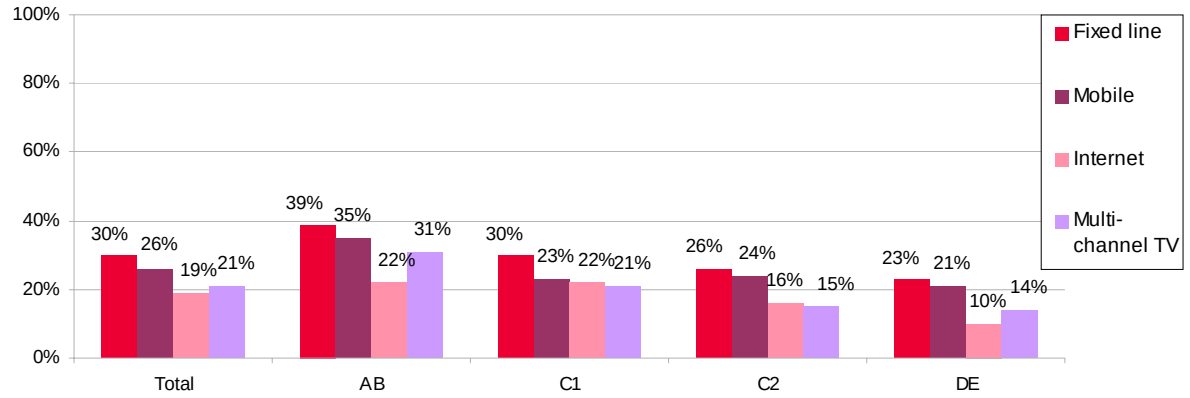
Figure 129: Age profile of those who find it difficult to make cost comparisons



*Caution: Small base size
Base: All adults with fixed-line (1350), mobile (1273), internet (917), multichannel TV (1226).
Source: Ofcom communications tracking survey Q2 2007-08-09

Consumers are more likely to say that it is difficult to make cost comparisons in the fixed-line and mobile markets, compared with the internet and multichannel TV markets, although one in five also believe that making cost comparisons in these markets is difficult. Those aged between 25 and 64 years are more likely than others to state that it is difficult to make cost comparisons between fixed-line suppliers. In general, consumers aged 45-64 years are most likely to state it is difficult, across all services, but especially fixed line.

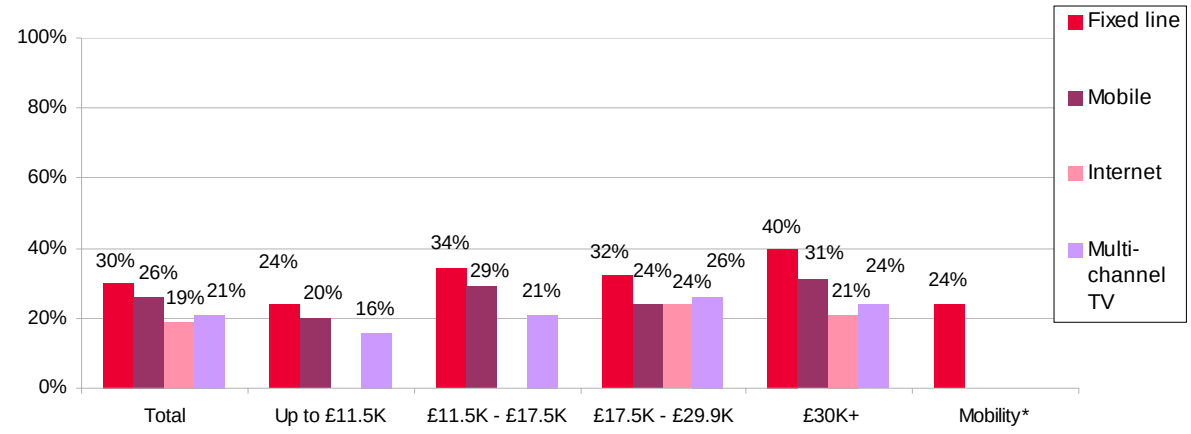
Figure 130: Socio-economic profile of those who find it difficult to make cost comparisons



Base: All adults with fixed-line (1350), mobile (1273), internet (917), multichannel TV (1226).
Source: Ofcom communications tracking survey Q2 2007

Consumers in the AB socio-economic group are more likely to think it is difficult to make cost comparisons in the fixed-line, mobile and multichannel TV markets. In the internet market ABC1s are more likely than other groups to state that making cost comparisons is difficult.

Figure 131: Income and disability profile of those who find it difficult to make cost comparisons



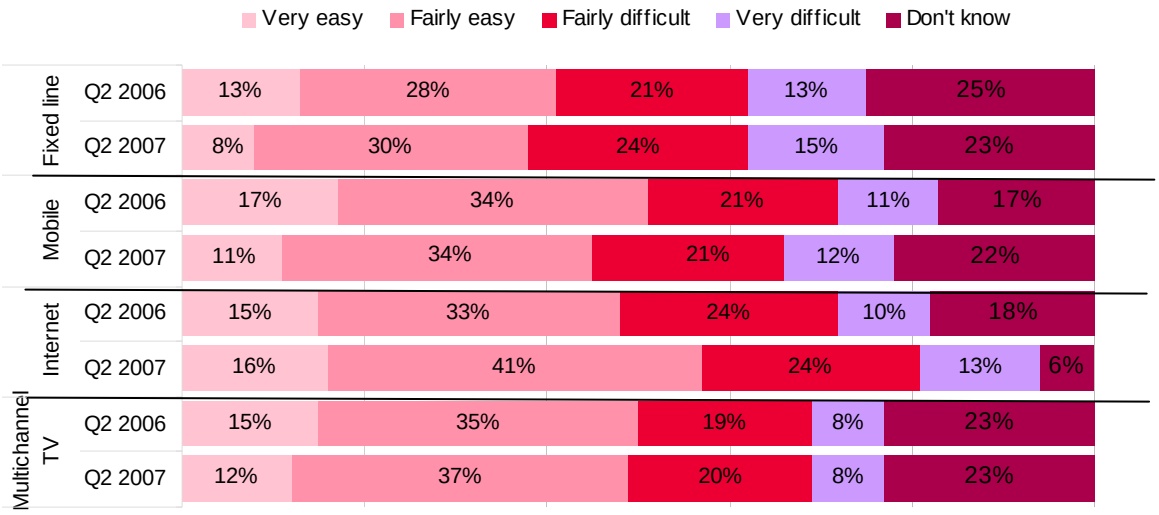
*Caution: Small base size
Base: All adults with fixed-line (1350), mobile (1273), internet (917), multichannel TV (1226).
Source: Ofcom communications tracking survey Q2 2007

Consumers earning £30K+ are more likely than others to state that making cost comparisons in the fixed-line market is difficult. In contrast, consumers earning less than £11.5K are less likely to say that making cost comparisons in each of the markets is difficult, although they are also more likely to say they don't know how easy or difficult it is, compared to those earning less than £17.5K.

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

Another aspect that influences consumers' experience of and satisfaction with, a provider is the quality of service (QoS) they receive. It is therefore important to measure how easy or difficult consumers believe it is to make QoS comparisons.

Figure 132: Consumer opinion on ease of making quality of service comparisons



Base: All Adults with fixed-line (2006, 2234) (2007, 1350) mobile (2006, 1883) (2007, 1273) internet (2006, 1479) (2007, 917), multichannel TV (2006, 1784) (2007, 1226)
Source: Ofcom communications tracking survey Q2 2007

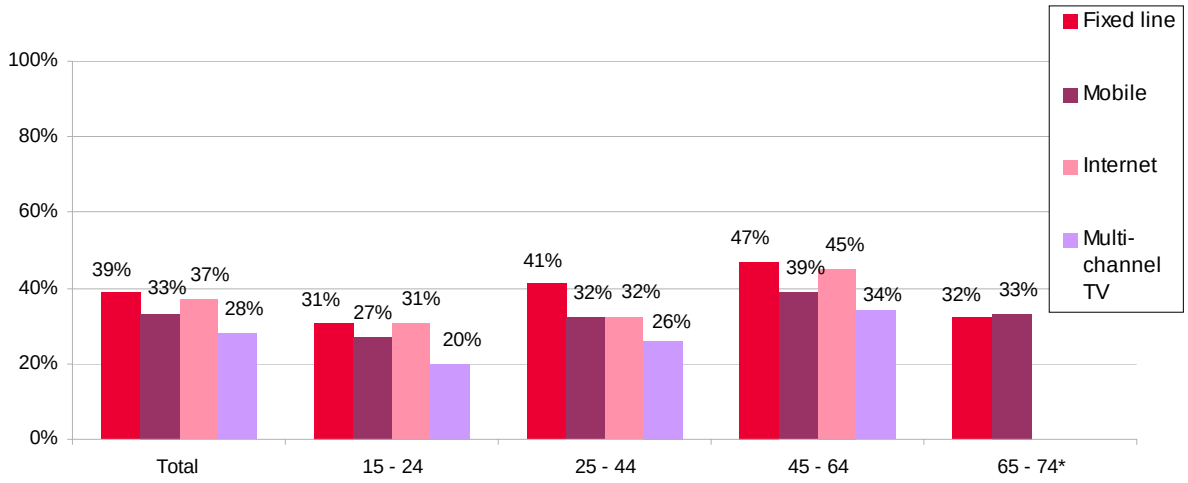
Across each of the communications markets, a lower proportion of consumers say it is easy to make QoS comparisons, compared with those who say it is easy to make cost comparisons.

Consumers are more likely to say it is easy to make QoS comparisons in the internet market than any of the other markets. In fact, there has been a significant increase in the proportion who believe it is easy, compared with 2006 (see Figure 132). The increase appears to be driven by greater clarity, as there has been a significant decrease in the proportion who state they don't know. The significant increase in the internet market may also be linked to the increased take-up of broadband and switching in the broadband market. However, consumers are also polarised as a comparatively high percentage state it is difficult.

In the mobile market there has been a decrease in the proportion who say making QoS comparisons is easy and an increase in those who don't know.

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

Figure 133: Age profile of those who find it difficult to make quality of service comparisons

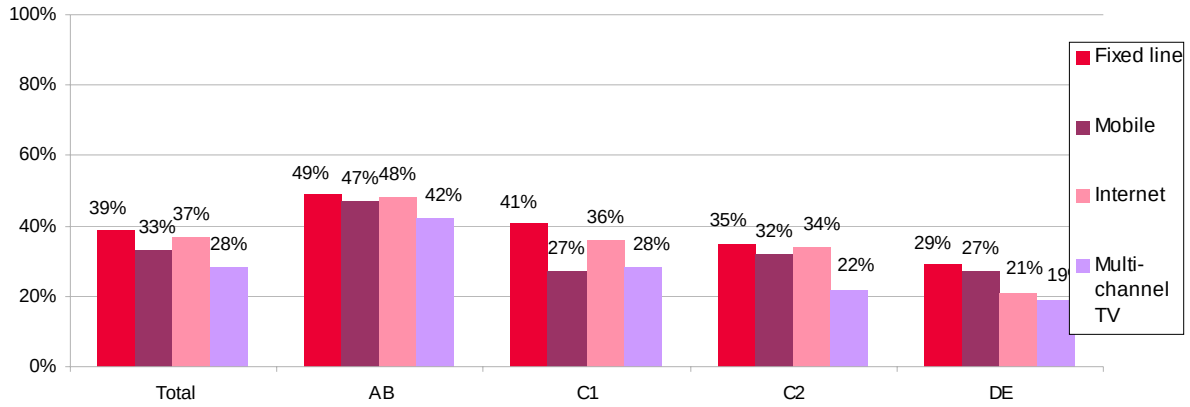


*Caution: Small base size
Base: All adults with fixed-line (1350), mobile (1273), internet (917), multichannel TV (1226).
Source: Ofcom communications tracking survey Q2 2007

Consumers are least likely to find it difficult to make quality of service (QoS) comparisons in the multichannel TV market, compared to other markets (Figure 133).

Those aged between 45 and 65 years are more likely to find it difficult to make QoS comparisons in the internet and multichannel markets, compared with other groups. Those aged between 25 and 64 years are more likely to find it difficult to make QoS comparisons than others.

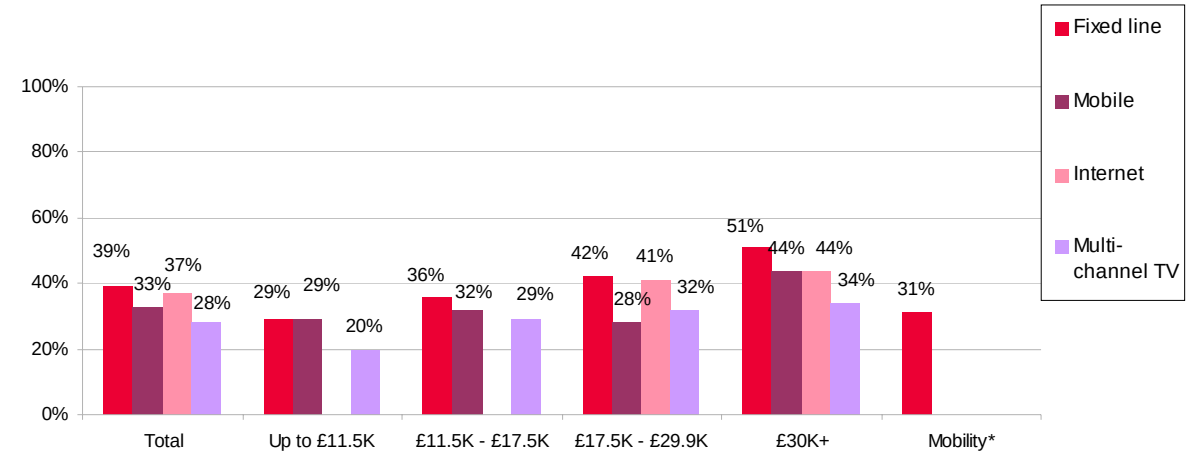
Figure 134: Socio-economic profile of those who find it difficult to make quality of service comparisons



Base: All adults with fixed-line (1350), mobile (1273), internet (917), multichannel TV (1226).
Source: Ofcom communications tracking survey Q2 2007

Across all communications services ABs are more likely to state it is difficult to make QoS comparisons than any other group, while DEs are less likely to state it is difficult (Figure 134).

Figure 135: Income and disability profile of those who find it difficult to make quality of service comparisons



*Caution: Small base size
Base: All adults with fixed-line (1350), mobile (1273), internet (917), multichannel TV (1226).
Source: Ofcom communications tracking survey Q2 2007

Those on a higher income (£30K+) are more likely to say it is difficult to make QoS comparisons in the fixed and mobile markets, while consumers earning £17.5K+ are more likely to say it is difficult in the internet and multichannel TV markets. Consumers earning less than £11.5K and those who have a mobility impairment are the least likely to perceive difficulties.

Section 5

Consumer protection and concerns

Introduction

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

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

Consumer protection and concerns metrics

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

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

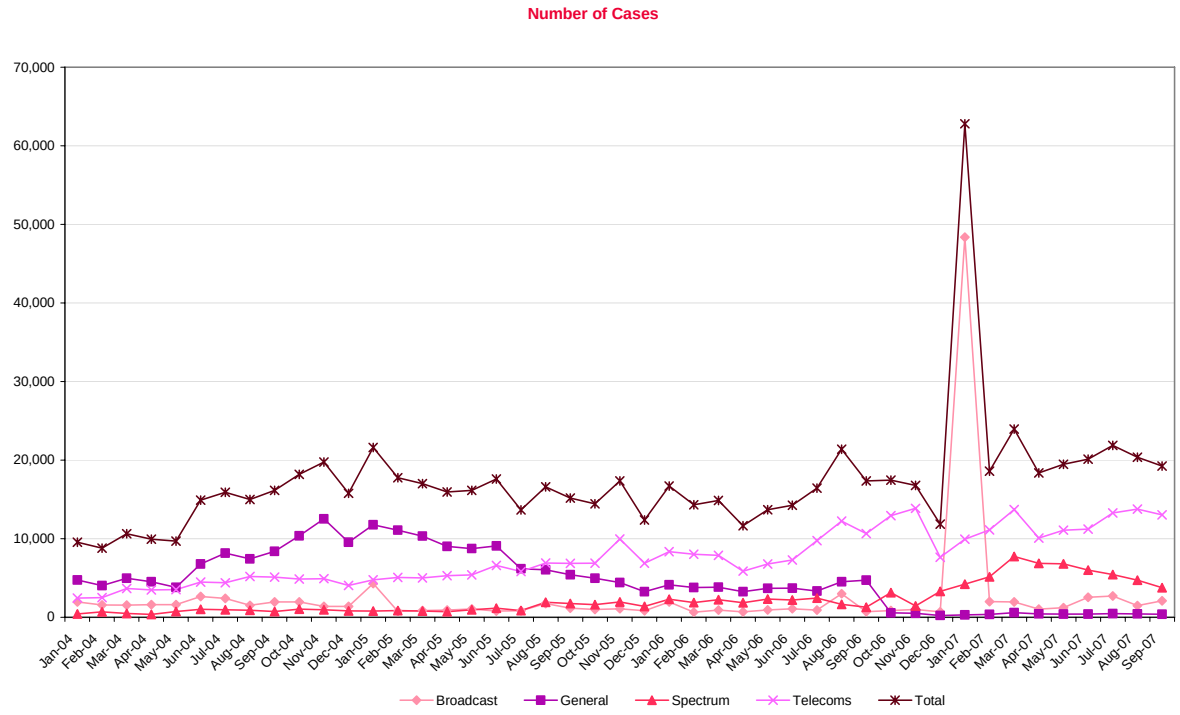
Ofcom has begun tracking many of these metrics, although in places methodological changes may mean that comparisons over time are not always possible.

It is important to note that in order to provide sub-analysis for the three impairment groups shown in this report it was necessary to use Q1 and Q2 2007 data combined, while all other analysis is based on the quarter stated in the notes underneath each graph.

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

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

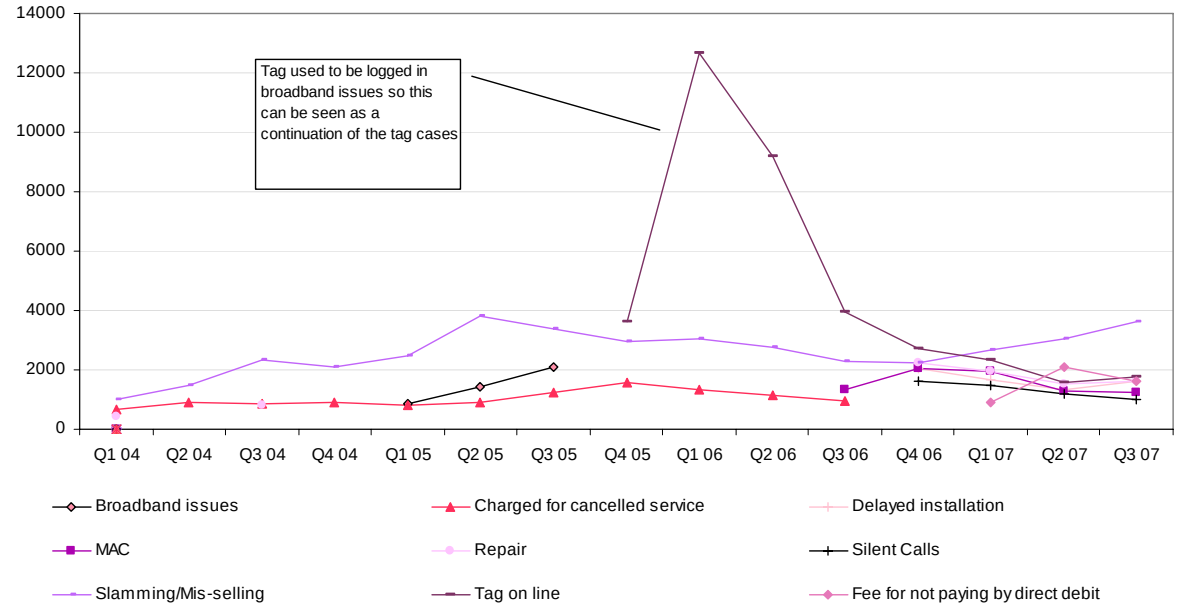
Figure 136: Number of complaints received by Ofcom 2004-2007



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

Following the peak of broadcasting complaints (driven by *Big Brother*) at the beginning of 2007, the total number of complaints made to Ofcom has remained at around 20,000 per month. Since March 2007 there has been a steady increase in telecoms cases and a decrease in spectrum cases. With the exception of complaints about Big Brother, the number of broadcasting complaints has remained broadly similar over time.

Figure 137: Number of telecoms complaints received by Ofcom, over time



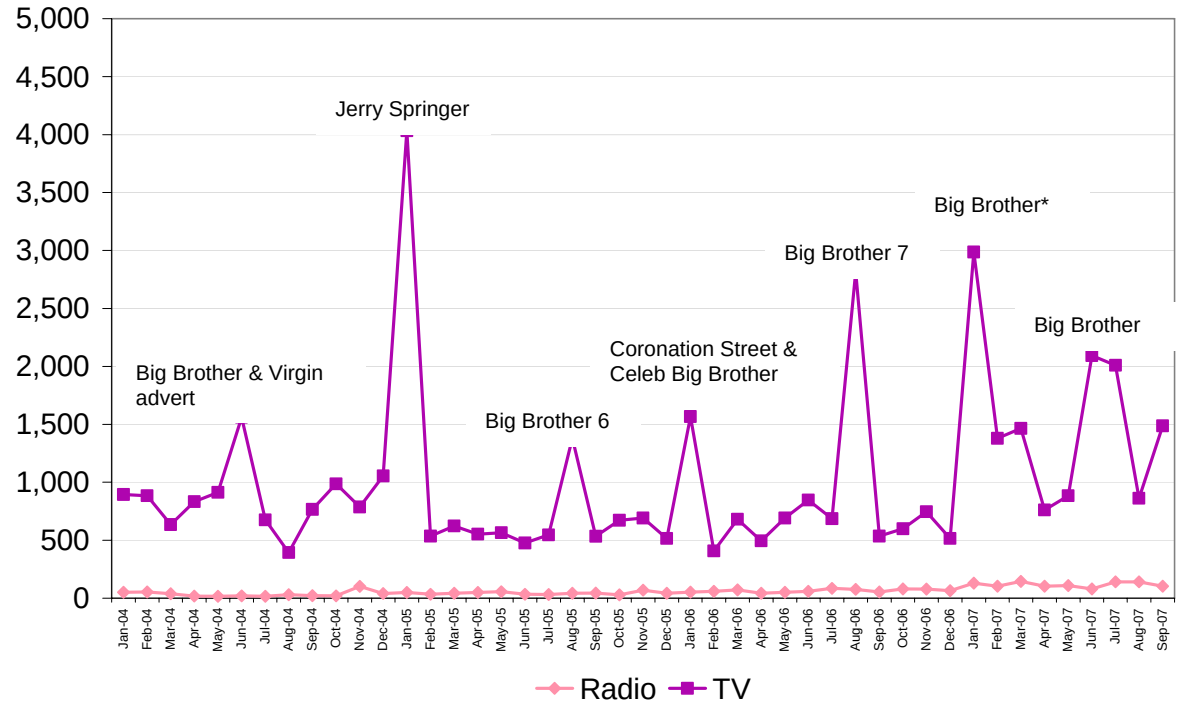
Source: Ofcom

Looking specifically at telecoms complaints there have been decreases in the number of complaints about tag-on-line and silent calls. The decrease in tag-on-line[28] complaints is largely the result of a change in procedures at Ofcom, where callers are now directed to contact BT Wholesale if they have this specific complaint. Later in this section, we will focus on tag-on-line and analyse the BT Wholesale data.

Complaints about slamming and mis-selling[29] have increased. In Q1 2007 complaints about fees for not paying by direct debit were recorded for the first time, and after reaching a peak the following quarter they have decreased in Q3. This increase coincides with growing media coverage about the issue.

[28] See page 112 for an explanation of tag-on-line'
[29] See page 112 for an explanation of slamming and mis-selling

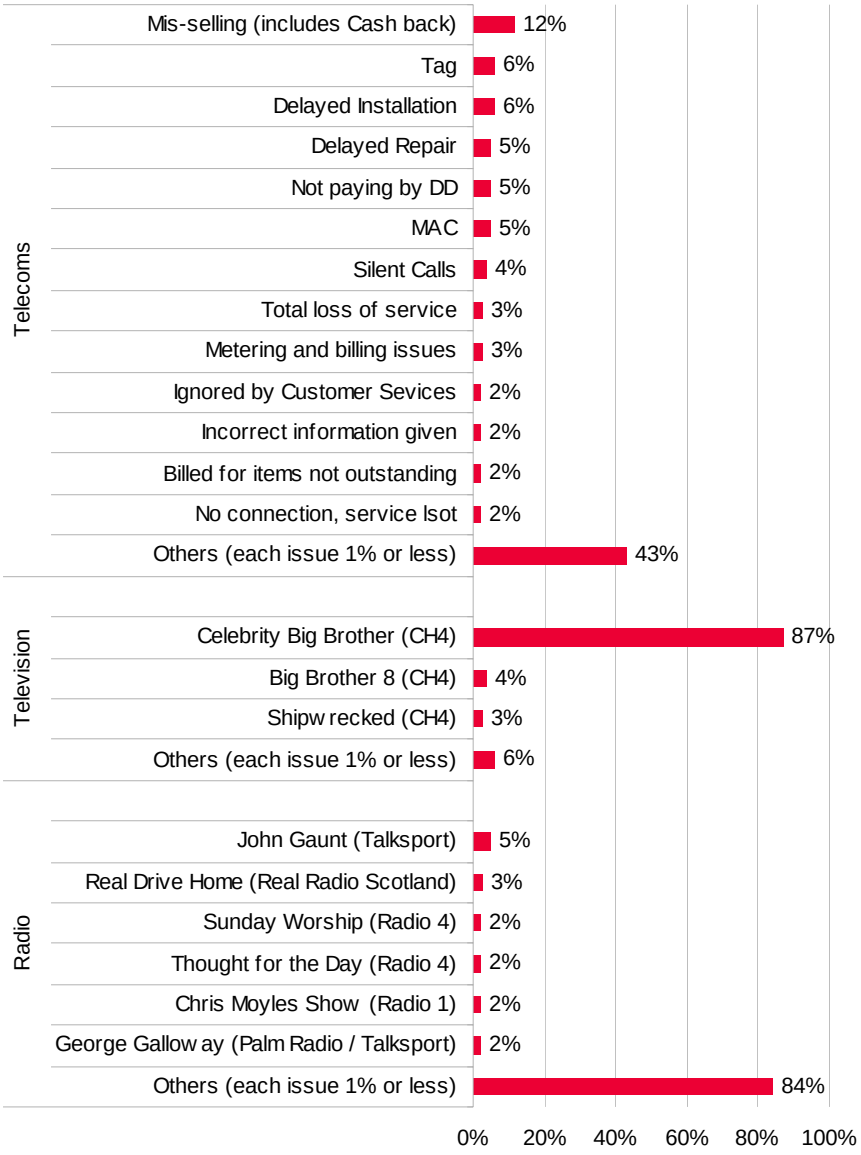
Figure 138: Number of broadcasting complaints received by Ofcom, over time



*Excludes the 45,189 complaints about Celebrity Big Brother
Source: Ofcom

Broadcasting complaints continue to be dominated by complaints about content. Complaints about *Big Brother* have consistently driven broadcasting complaints, along with other content such as a Virgin advertisement, screening of *Jerry Springer the Opera* and *Coronation Street*.

Figure 139: Most mentioned complaints to Ofcom



Source: Ofcom YTD 2007

Celebrity Big Brother dominated the broadcasting complaints made to Ofcom (87%).

Focus on mis-selling

Within telecoms, there was a greater variety of complaints. Mis-selling was the single most mentioned complaint, and tag-on-line was the most mentioned internet-related complaint.

There are three areas that this report will look at in further detail; mis-selling, issues with broadband migration and premium rate services (PRS).

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

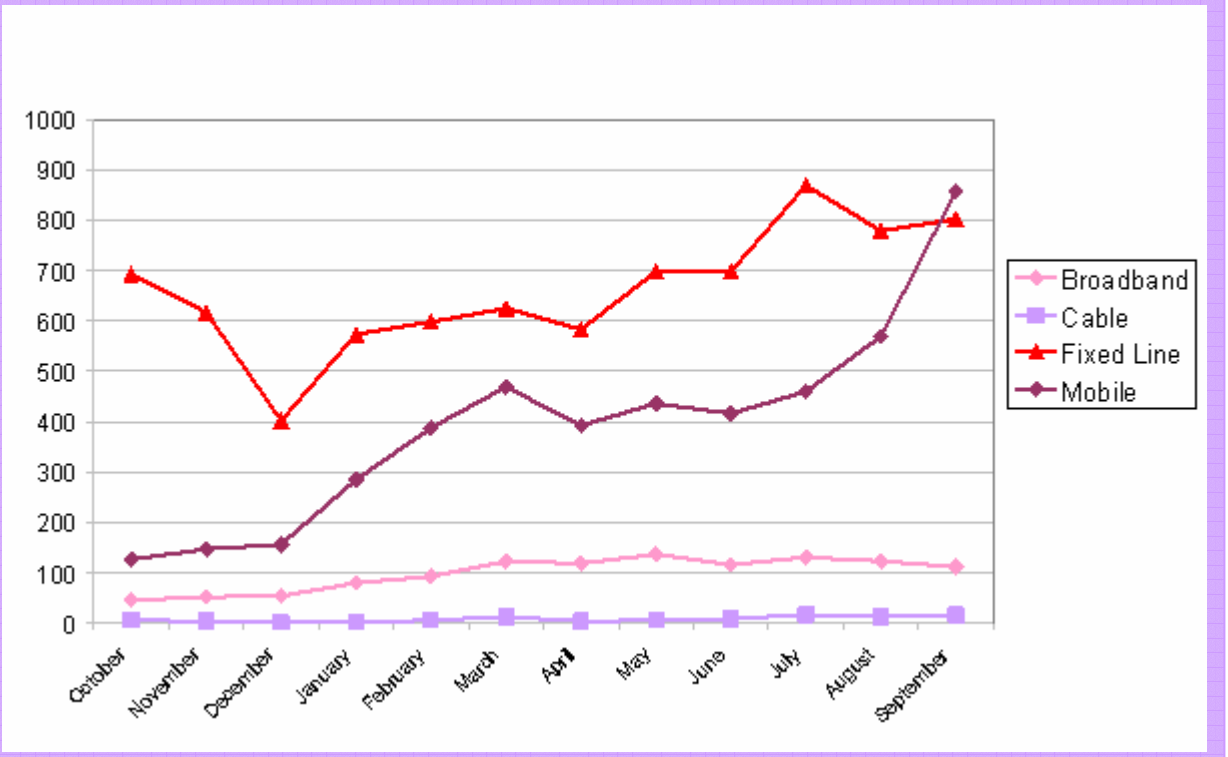
- the provision of false and/or misleading information (for example, about potential savings or promising offers or gifts which do not actually exist);

- applying unacceptable pressure to change provider, such as refusing to leave until the customer signs, or using threatening or otherwise intimidating behaviour; and

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

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

Figure 140: Monthly complaints received by Ofcom about mis-selling: all services – October 2006 to September 2007

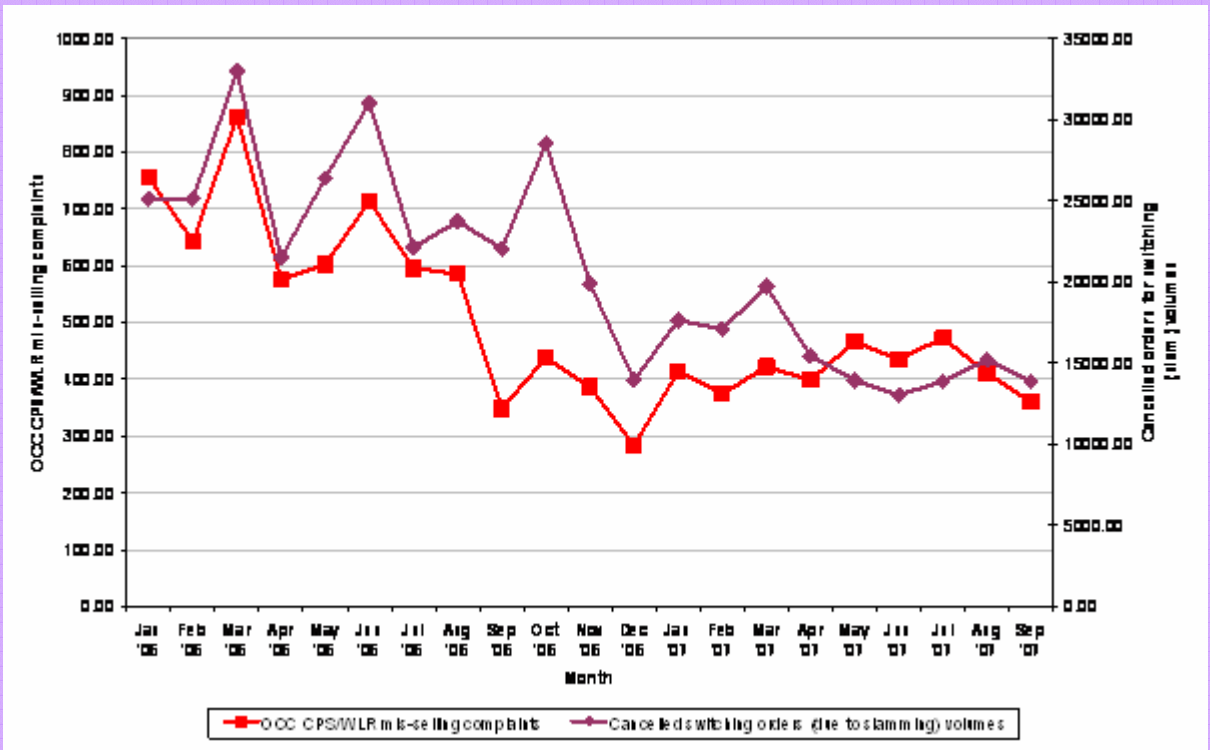


Source: Ofcom

Figure 140 illustrates the number of complaints about mis-selling received by Ofcom over the last 12 months.

Historically complaints to Ofcom about mis-selling are greatest in relation to fixed-line services, followed by mobile networks. In the fixed-line market there has been a decrease in the number of complaints about mis-selling, following a peak in July 2007. In contrast, mobile network mis-selling has steadily increased and for the first time in September 2007 exceeded complaints about fixed-line mis-selling. Broadband, cable and other mis-selling has remained at a broadly stable level over the past 12 months.

Figure 141: Fixed-line: Comparison of transfer orders cancelled due to reported slamming vs Ofcom mis-selling complaints

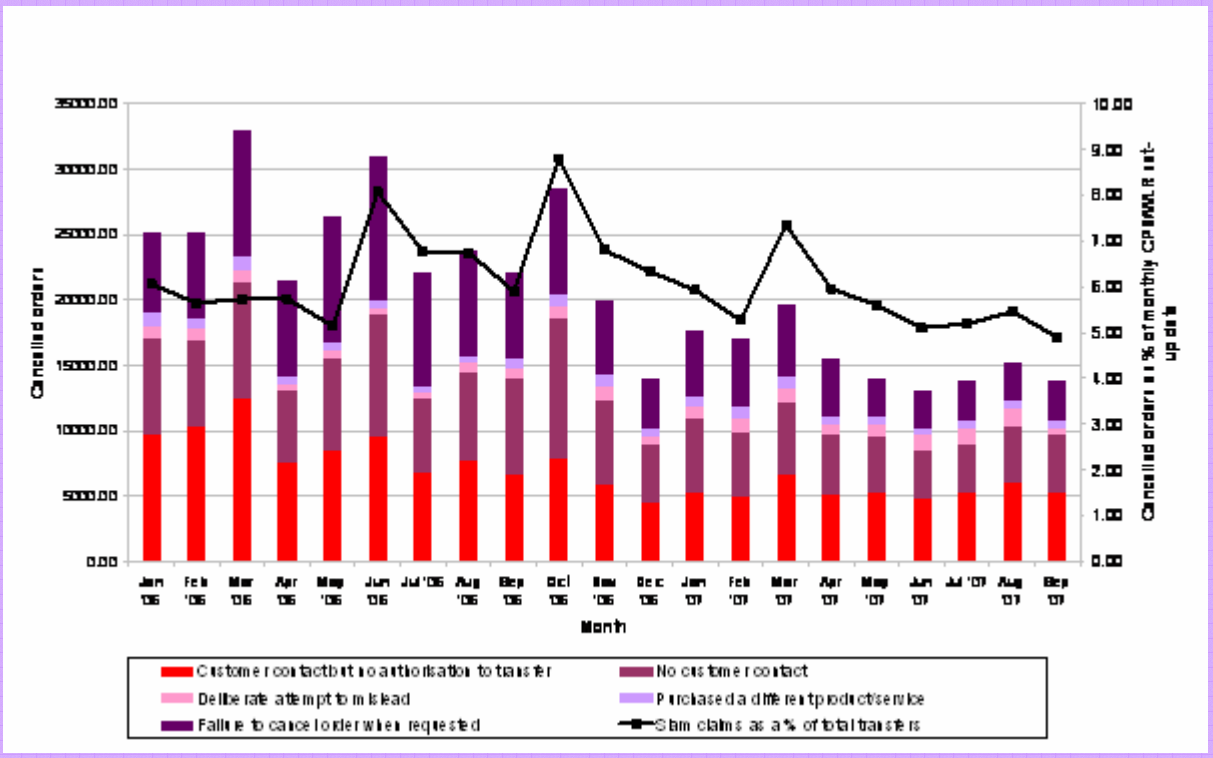


Source: Ofcom

Figure 141 above shows that over time the volume of mis-selling and slamming issues has decreased, both in terms of complaints received by Ofcom as well as the volume of transfer orders being cancelled.

Throughout 2006 there were peaks in the volume of cancelled transfer requests as a result of customers being ‘slammed’. Since March 2007 the volume of complaints decreased to 13,037 complaints, and although it has increased slightly, overall the volume of complaints over the last 12 months has dropped significantly

Figure 142: Volume of transfer orders that have been cancelled as a result of reported slamming



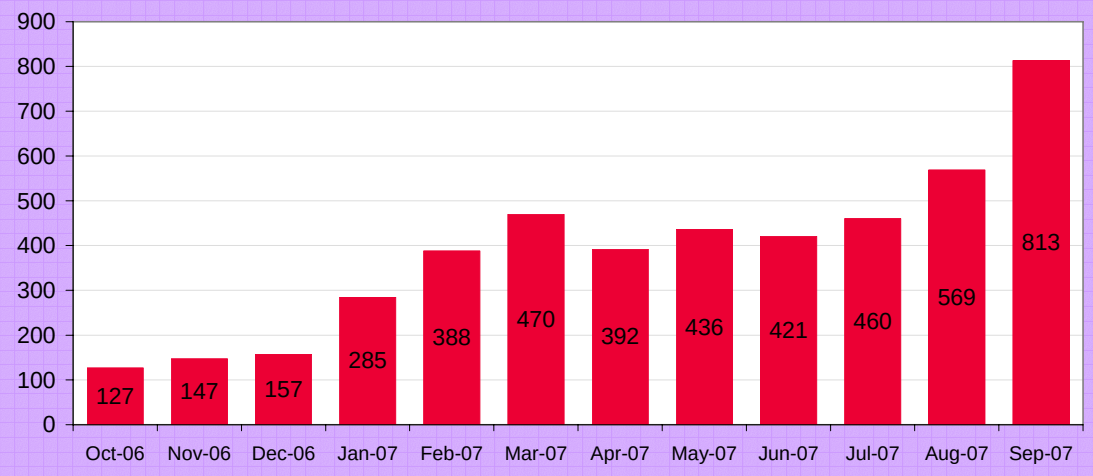
Source: Operator data

If consumers receive a letter advising that their supplier is about to change, and they have not agreed to this change, they then contact their current supplier to ensure that their account is not switched. As a result, the current provider will cancel the order to switch.

Overall, the number of cancelled switching orders has decreased following a peak in March 2007. With one exception there has been a general decrease across the various circumstances in which people have been 'slammed'. The exception which led to a slight rise in complaints in August 2007 was due to consumers being 'slammed' after being contacted by an alternative supplier, but not giving their authorisation to switch.

Consistent with the decrease in the volume of slamming incidents, the number of incidents as a percentage of all switching activity has decreased.

Figure 143: Total monthly cases of mobile mis-selling, slamming and cashbacks



Source: Ofcom

There has been a significant increase over the last 12 months in the volume of complaints made to Ofcom related to mobile mis-selling, including complaints made about difficulties redeeming cashback payments.

Cashbacks are a form of promotion offered to customers, in which a customer signs up for a mobile phone network, and in return is reimbursed for a proportion of the line rental payable under the contract. A mobile handset is typically supplied to the customer at the same time, either free or in return for a one-off payment.

Cashback offers have generated a number of complaints related to mobile mis-selling over the past 12 months. In August and September 2007 the number of complaints about mis-selling increased significantly and this was driven by a rise in the number of complaints about cashbacks. This recent spike in complaints is due to a cashback retailer going out of business and the subsequent complaints about broken contracts.

Focus on broadband migration

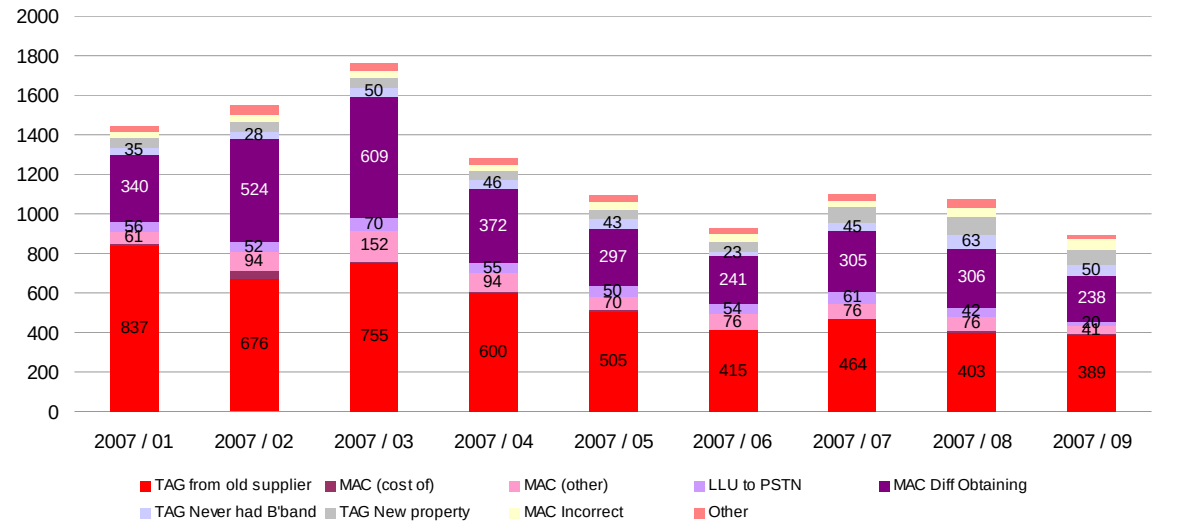
When consumers wish to change their internet supplier there are generally two issues that may cause problems for consumers. The first relates to requests for a Migration Authorisation Code (MAC) to switch supplier.

A MAC is a unique code that a customer must give to a broadband service provider, that allows the service to be transferred from an existing service provider seamlessly and with little or no disruption of service. The MAC is given to the customer from the previous broadband service provider to the line they wish to use for their internet access.

The other issue is the existence of a ‘tag’ – this is referred to as tag-on-line. A tag is a problem that is preventing the supply of broadband service to a customer

In January 2006 BT Wholesale agreed to set up a tag-on-line help desk in order to provide consumers a single point of contact where they could get help to get tags removed. The correct most accurate measure of tag problems is therefore the volume of consumers contacting the BT Wholesale helpdesk.

Figure 144: Ofcom complaints regarding broadband migration

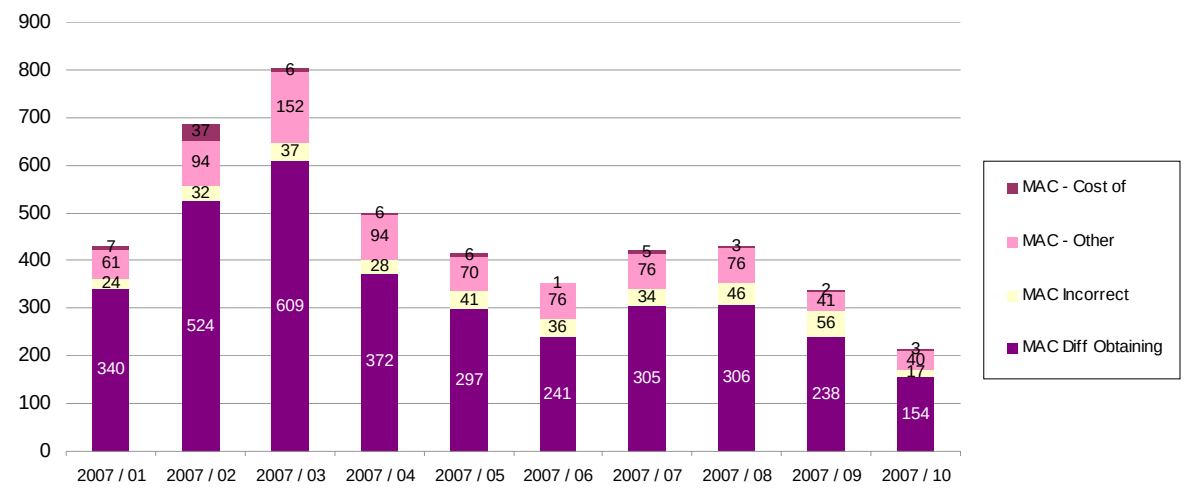


Source: Ofcom

Figure 144 shows since the beginning of 2007 there has been a decrease in the number of complaints to Ofcom about broadband migration in general. This reduction is likely to be due to:

- Ofcom's new broadband migration rules. The new rules require suppliers to provide a MAC on request as well as to make sure that tags and other operational issues do not hinder customer's ability to switch;
- the development of the BT Wholesale tag-on-line helpdesk providing consumers with a single point of contact where they can get help to get tags removed; and
- the work of the Office of the Telecoms Adjudicator (OTA) who are working with industry to address migrations process gaps.

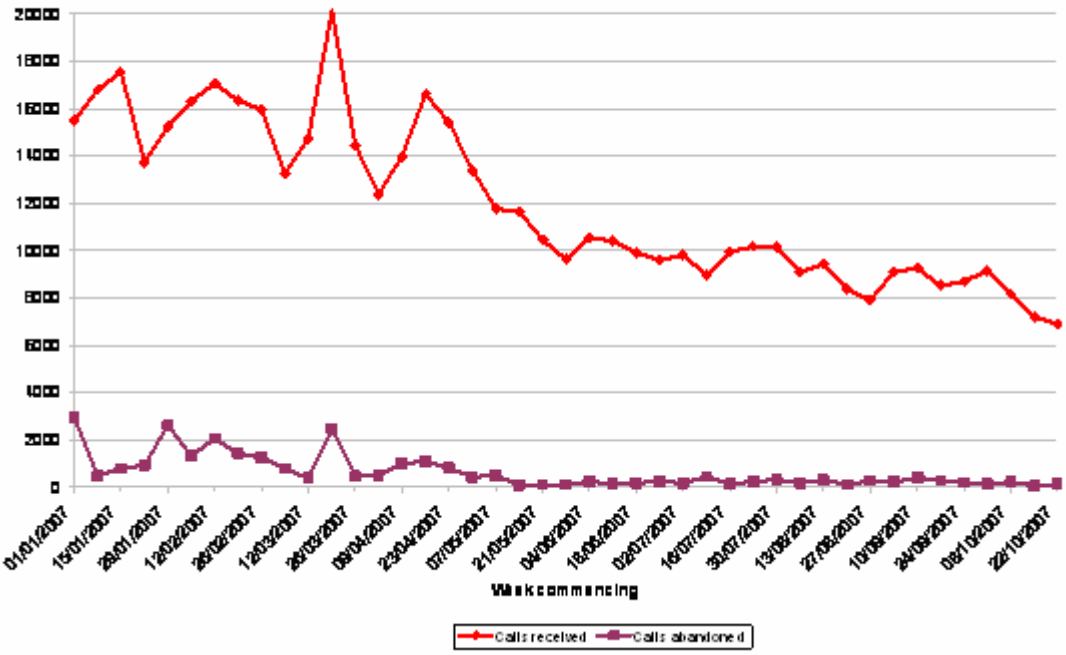
Figure 145: Ofcom complaints specifically about MAC codes



Source: Ofcom

As mentioned above there has been a decrease in the number of complaints received about MAC codes over the last 12 months. In response to Ofcom's new broadband migrations rules introduced on the 14th of February 2007 there has been a significant decrease in the incidence of customers experiencing difficulty in obtaining a MAC code, having an ISP refuse them a code or complaints about the cost of getting a MAC code.

Figure 146: Complaints about tag-on-line (TAG) received by BT Wholesale



Source: BT Wholesale

Calls received by BT Wholesale (BTW) have decreased in volume since April 2007; from a peak of 20,000 cases, they have dropped to around 7,000 cases.

Tags are essentially a symptom of process deficiencies which result in the customer being prevented from setting up a broadband service. As such, it is important to note that there is not a quick fix. In practice, this will require sustained industry effort and leadership over several months to fully regulate. Work designed to diminish tags is being addressed by the OTA.

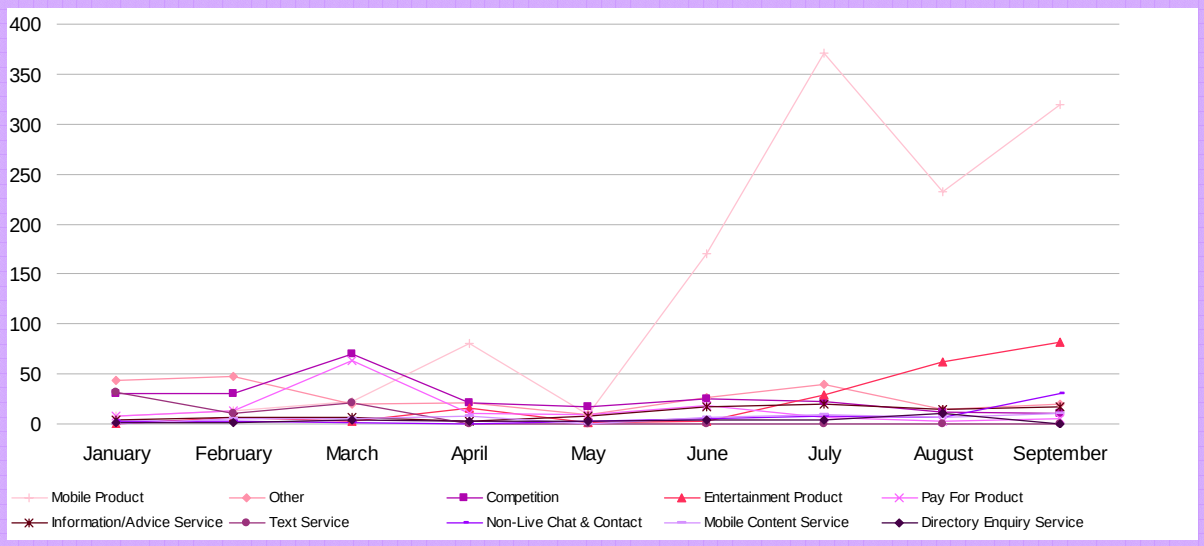
Focus on premium rate services (PRS)

Premium rate services (PRS) are a form of micro-payment for paid for content, data services and value added services that are subsequently charged to your telephone bill. There are a diverse and growing number of services which include:

- fixed line telecoms services, such as live chat, information services (including directory enquiries) and TV vote lines; and
- mobile services, such as ringtones, media content and payment through reverse-billed SMS.

PhonepayPlus (formerly ICSTIS) is the regulator for premium rate charged telecommunications services. They investigate complaints and have the power to fine companies and bar access to services.

Figure 147: Number of complaints about PRS to PhonepayPlus



Source: PhonepayPlus Contact Centre (2007)

PhonepayPlus has received a variety of complaints about PRS over the last 12 months, with the most mentioned regarding calls about mobile products. They have also received over 100 complaints about competitions, entertainment products and pay for products.

Complaints about entertainment products have risen steadily since June 2007 (with the exception of a drop in August). There has been a general decrease in the number of complaints about non-live chat and contact. The other complaint categories have remained broadly stable throughout 2007.

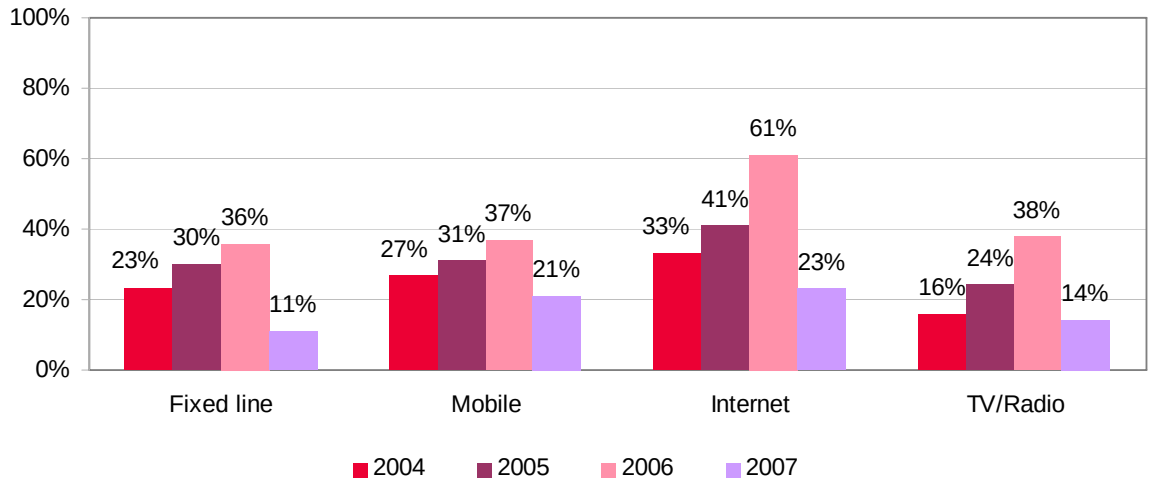
5.2 Consumer protection and concerns metric 2: concerns about the communications market

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

5.2.1 Percentage of consumers who raised concerns about the communications market

Concern data over time are shown in Figure 148 below for context only, as several different studies have been used to collect the data, and the timing of data collection has varied each year. These differences affect our ability to interpret changes over time.

Figure 148: Level of spontaneous concerns raised about the communications market



Base: All adults 15+ who have each service (2006, 1085) (2007, 2000)
Source: Ofcom consumer concerns tracking survey

When asked, consumers are more likely to mention spontaneously concerns about the internet or mobiles, followed by broadcasting and fixed-line services.

Figure 148 shows a significant increase in concerns across the communications sector in 2006, however this decreased in 2007. Potential reasons for the shifts are;

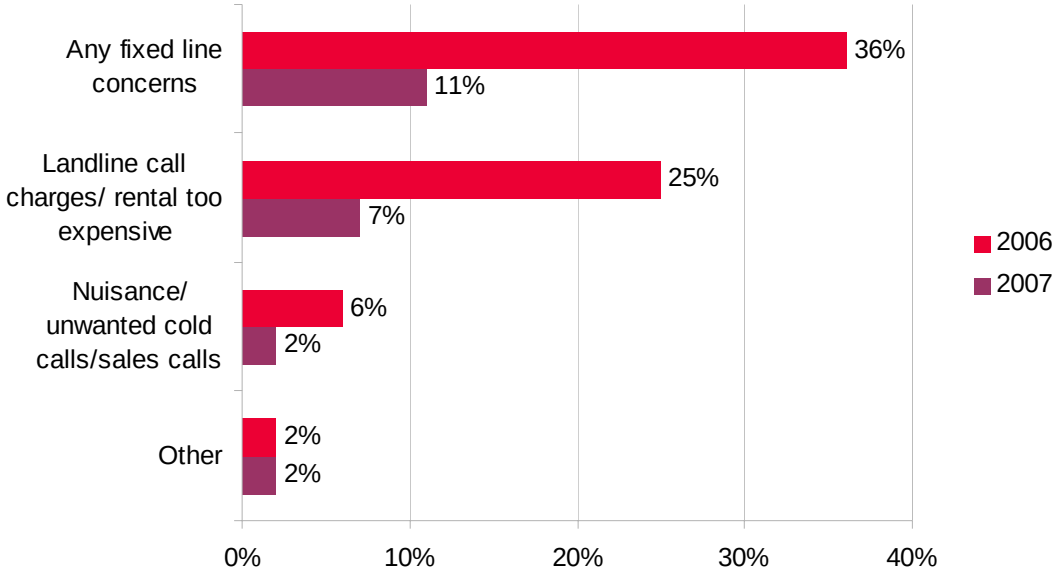
- differing methodologies and survey periods (different questionnaires and time periods have been used);
- refinements in question wording;
- specific issues covered in the media at the time of the survey, for example, in 2006 there was coverage of issues around social networking (previous to 2007 all concerns data was collected at a point in time and therefore were open to influences of what was in the media at that time); and
- Following the spike in August 2006 there has been a return to 'normal' levels of concern

Although it is not possible to single out any single influence on the data, or the extent to which each factor has influenced the changes we believe the combination of these factors have influenced the level of concerns reported over time.

5.2.2 Spontaneous concerns about fixed-line services

A breakdown of the types of concerns in each of the communications markets is shown in Figure 149, Figure 150 and Figure 151 below. In each market the significant decrease in spontaneous concerns is clear. However, despite fewer mentions, the same types of concerns as 2006 are being mentioned by consumers.

Figure 149: Spontaneous concerns about fixed-line services

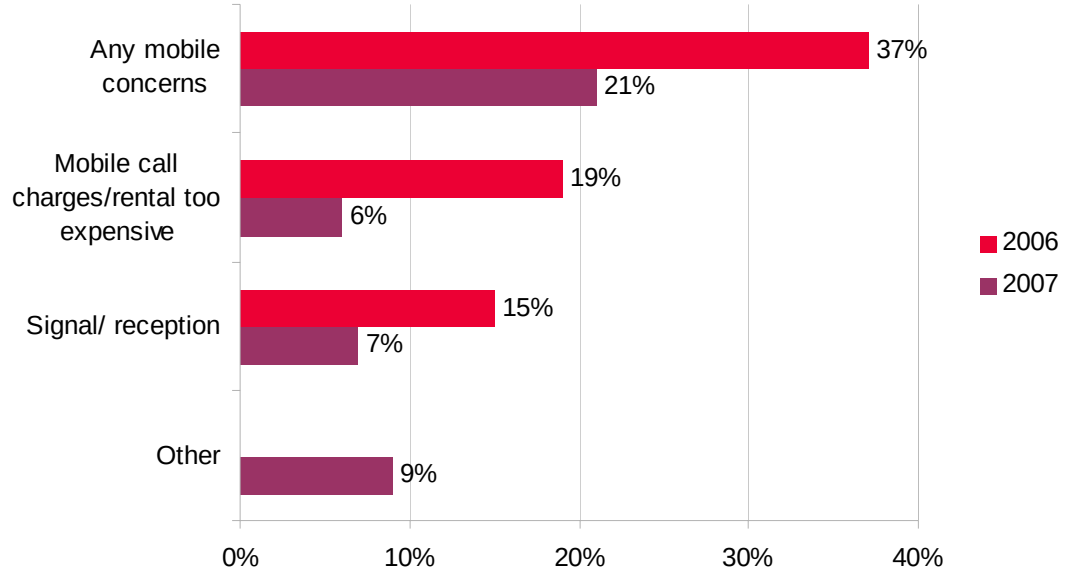


Base: All adults 15+ with fixed-line at home (2006, 894) (2007, 1747)
Source: Ofcom consumer concerns tracking survey

Figure 149 above shows that one in ten customers spontaneously mention a concern in the fixed-line market. Cost is the issue most often mentioned, at 7%, followed by unwanted cold calls/ sales calls (2%).

5.2.3 Spontaneous concerns about mobile services

Figure 150: Spontaneous concerns about mobile services

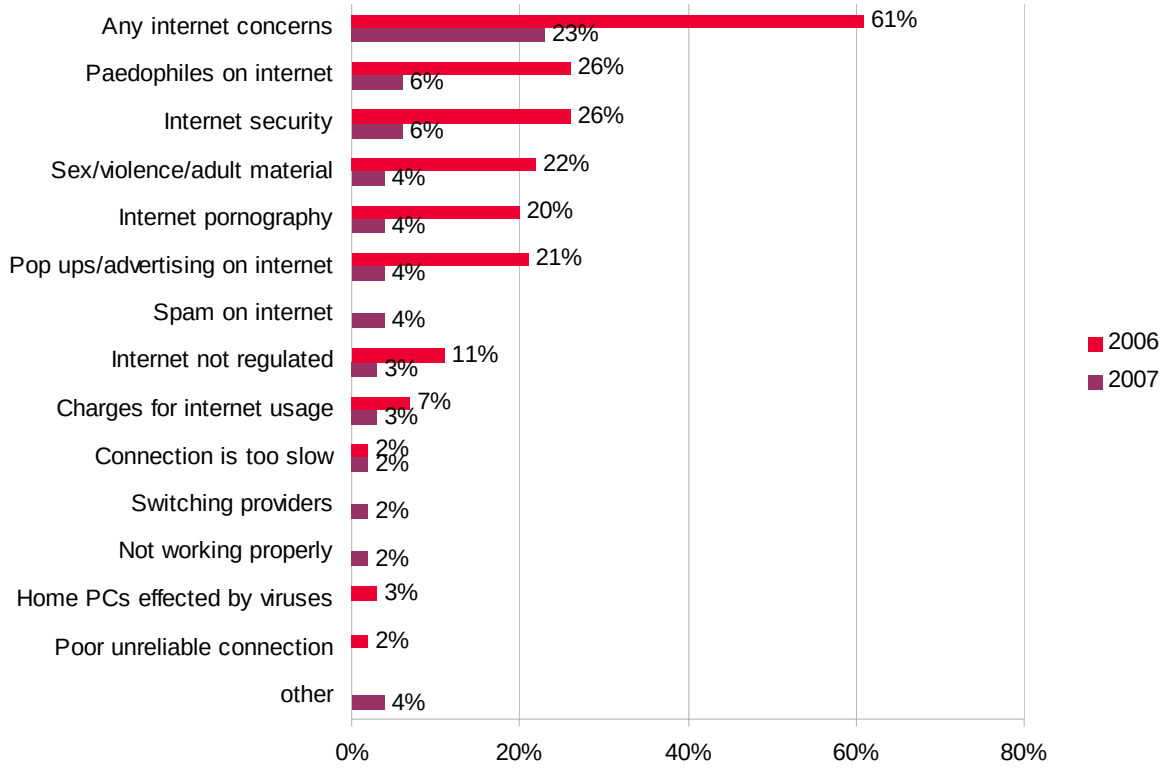


Base: All adults 15+ with mobile phone (2006, 939) (2007, 1670)
Source: Ofcom consumer concerns tracking survey

Figure 150 shows that in 2007 one in five mobile phone consumers had a spontaneous concern about their mobile phone service. Most of these concerns were regarding call charges or reception.

5.2.4 Spontaneous concerns about internet services

Figure 151: Spontaneous concerns about internet services

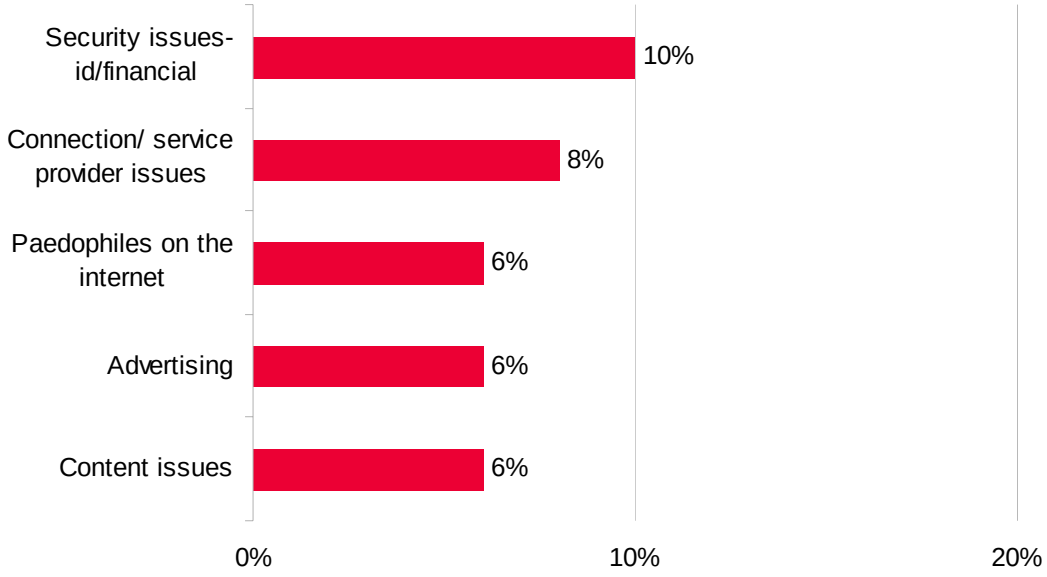


Base: All adults 15+ with internet service at home (2006, 612) (2007,1210)
Source: Ofcom consumer concerns tracking survey

One in four consumers had a spontaneous concern about the internet. The top two concerns were paedophiles on the internet and internet security, followed by mentions about content and advertising.

It is possible to categorise the types of concerns about the internet into four categories; security concerns, connection or services issues, advertising issues and content issues.

Figure 152: Categories of spontaneous concern about internet services

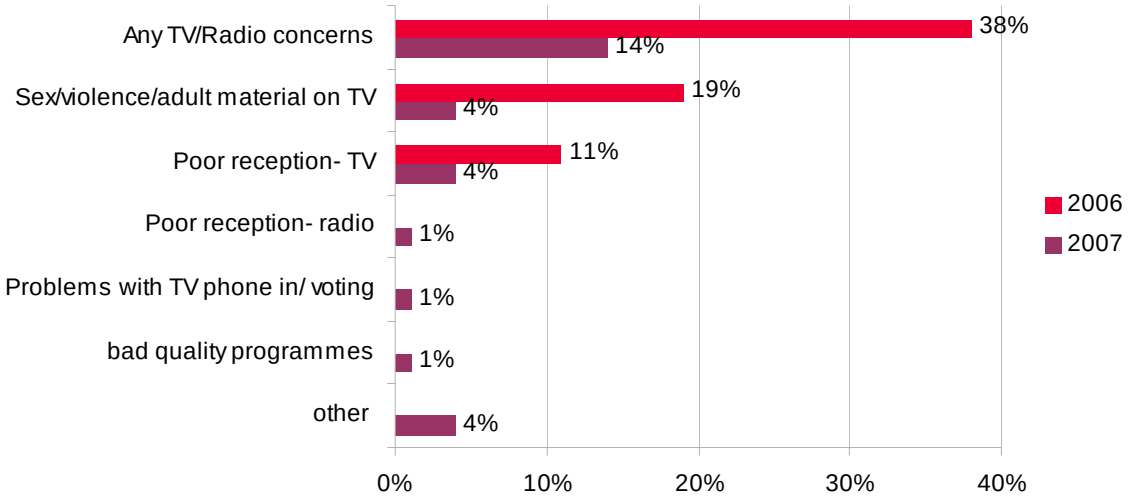


Base: All adults 15+ with internet service at home 2006, 612) (2007,1210)
Source: Ofcom consumer concerns tracking survey

There is not a large difference between percentage of consumers who are concerned about these issues, however, security issues and services issues are the most mentioned (Figure 152). It is important to remember that concerns about paedophiles on the internet are a single category and continue to be a concern for consumers.

5.2.5 Spontaneous concerns about TV and radio services

Figure 153: Spontaneous concerns about TV and radio services

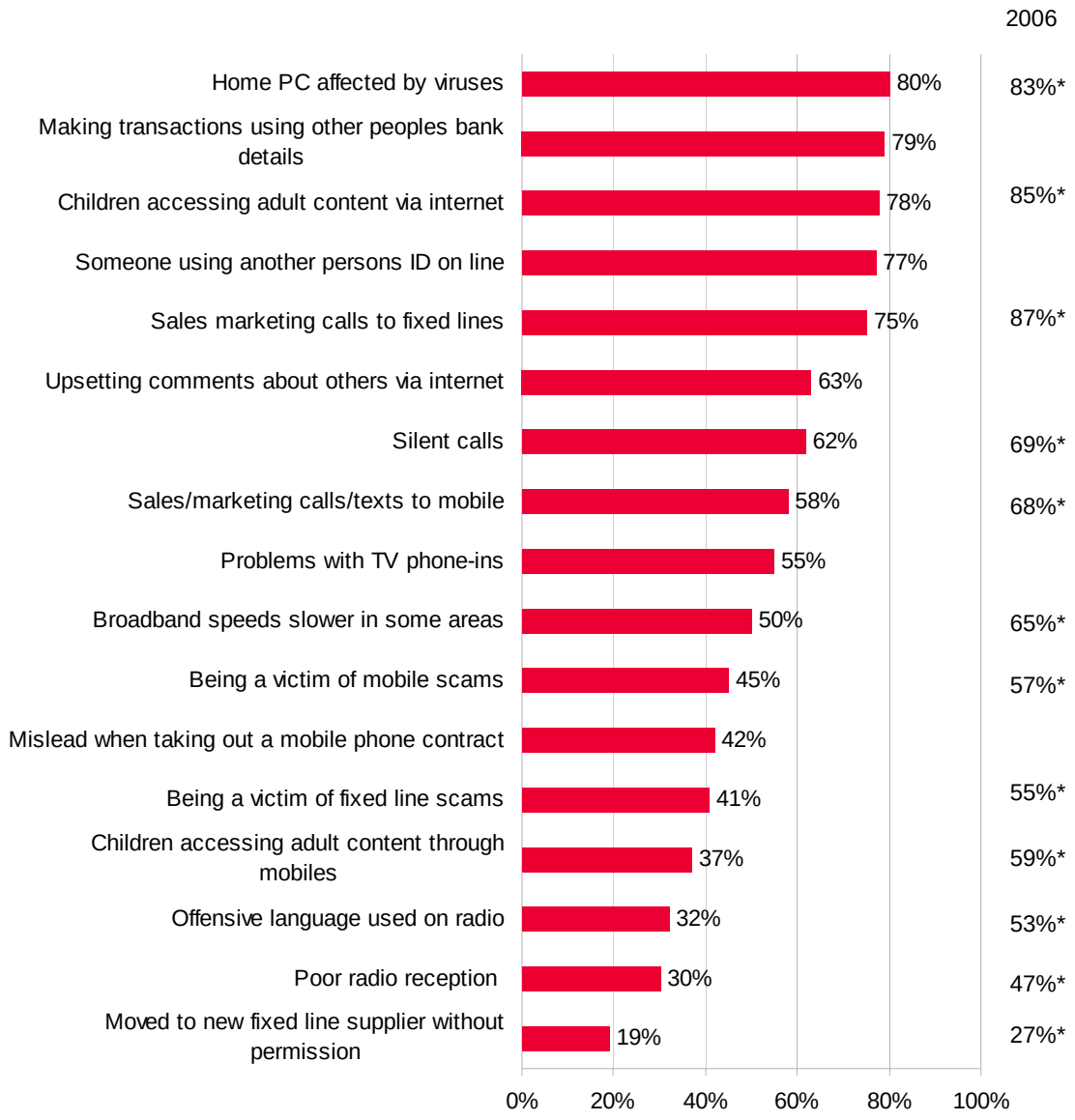


Base: All adults 15+ with TV and/or radio services at home (2006, 1070) (2007, 1982)
Source: Ofcom consumer concerns tracking survey

Broadcasting concerns are dominated by TV and the top two concerns consumers mentioned spontaneously were content (sex, violence and adult material on TV) and poor TV reception). Concerns about poor radio reception were mentioned by 1%.

5.2.6 Awareness of, and concerns about, various issues in the communications market

Figure 154: Prompted awareness about various issues in the communications market



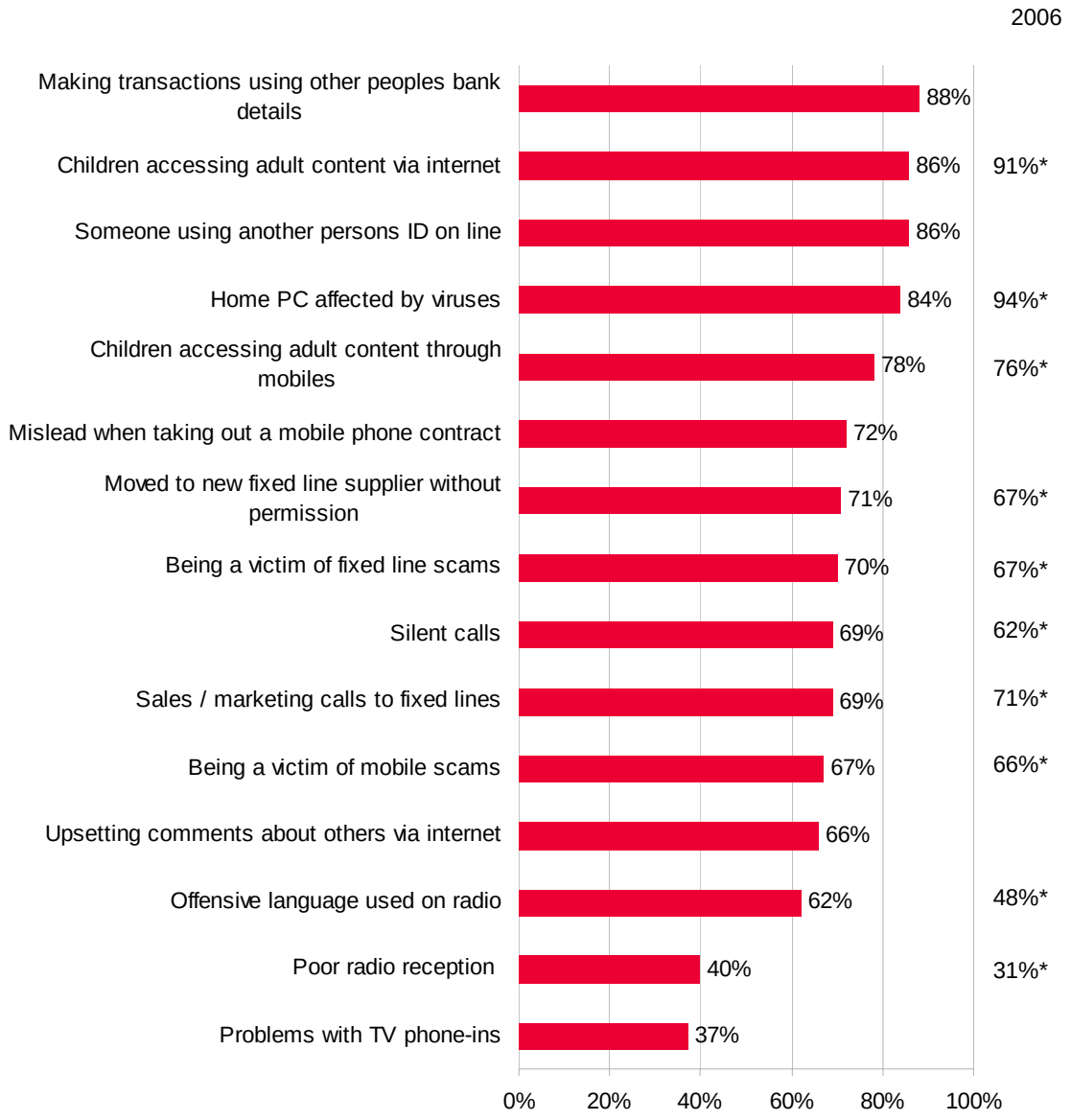
*2006 data, where available
Base: All adults 15+ (2000)
Source: Ofcom consumer concerns tracking survey

Consistent with spontaneous mentions, there is generally a lower level of awareness of communications issues compared with 2006. However, where it is possible to compare with 2006 we can see that the same top three issues are mentioned, albeit in the reverse order. Awareness of home PCs being affected by viruses had the highest level of awareness in 2007, compared with third place in 2006.

Internet issues are mentioned in four of the top five prompted issues that consumers are aware of. As mentioned earlier, these internet concerns can be divided between content and security issues.

5.2.7 Levels of concern with various issues in the communications market

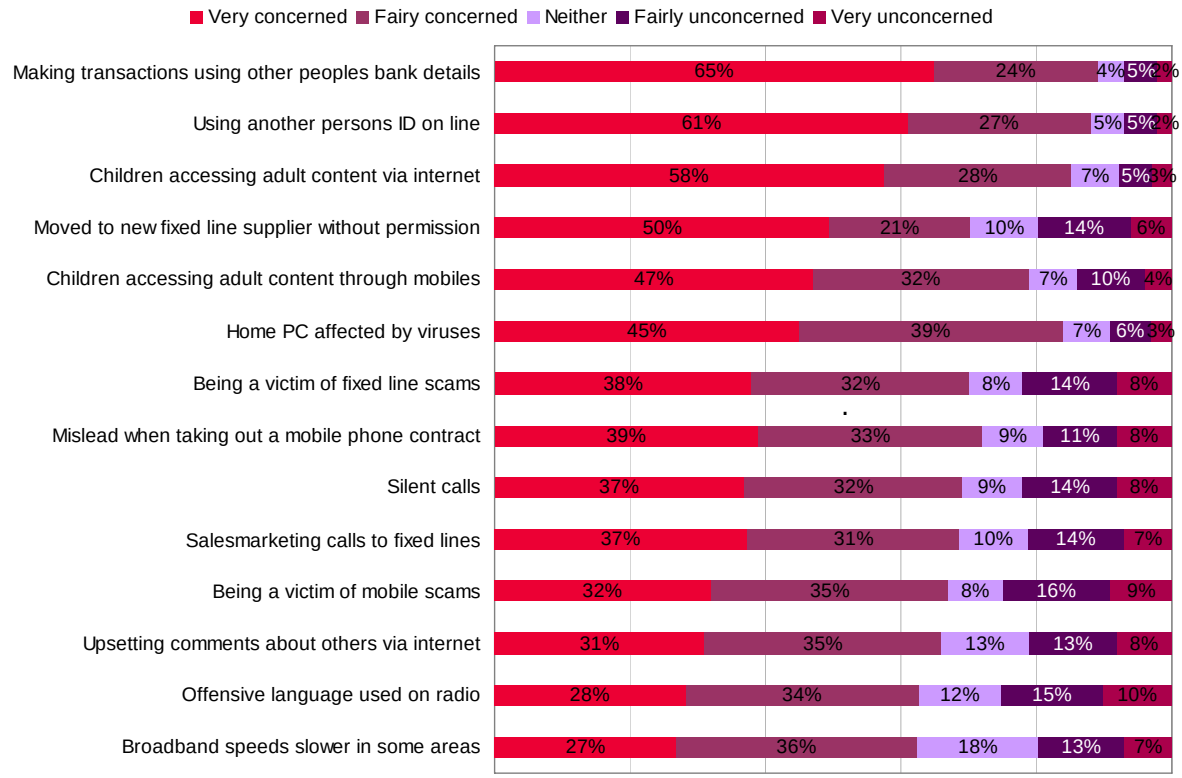
Figure 155: Concern about various issues in the communications market, over time



*2006 data, where available
Base: All adults 15+ who are aware of individual issues (bases range from 337 to 1404).
Source: Ofcom consumer concerns tracking survey

Those consumers who were aware of specific communications issues were then asked how concerned they were about this issue. Internet issues had the highest level of concern (children accessing internet content and PCs affected by viruses) followed by concerns about mobiles (children accessing adult content and being misled on contracts). Comparatively, broadcasting issues caused less concern than fixed-lines, mobiles or the internet.

Figure 156: Level of concern with various issues in the communications market (prompted)



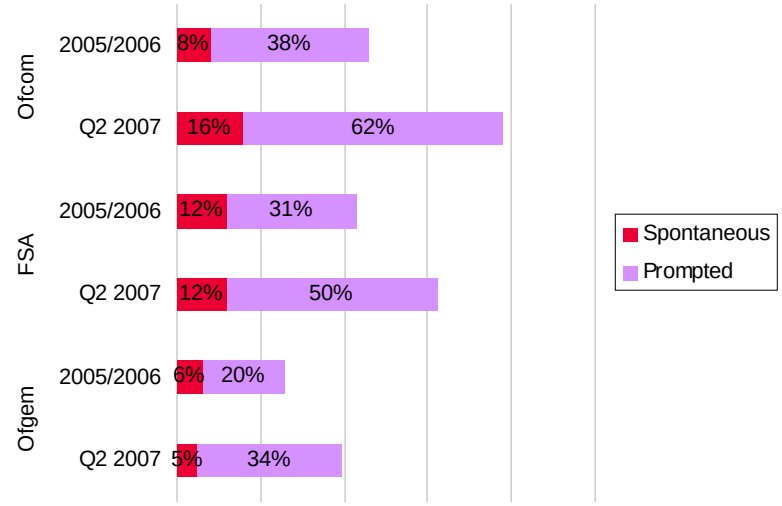
Base: All adults 15+ who are aware of the issue (bases range between 337 and 1404)
Source: Ofcom consumer concerns tracking survey

Around two-thirds of consumers are very concerned about online security (using another person's online identity, and transactions using other people's bank details). This is likely to be a serious concern for consumers, due to the potential financial impact of being a victim, and the heavy media coverage of these types of issues.

5.3 Consumer protection and concerns metric 3: awareness of who to complain to

5.3.1 Awareness of Ofcom

Figure 157: Awareness of Ofcom, FSA and Ofgem

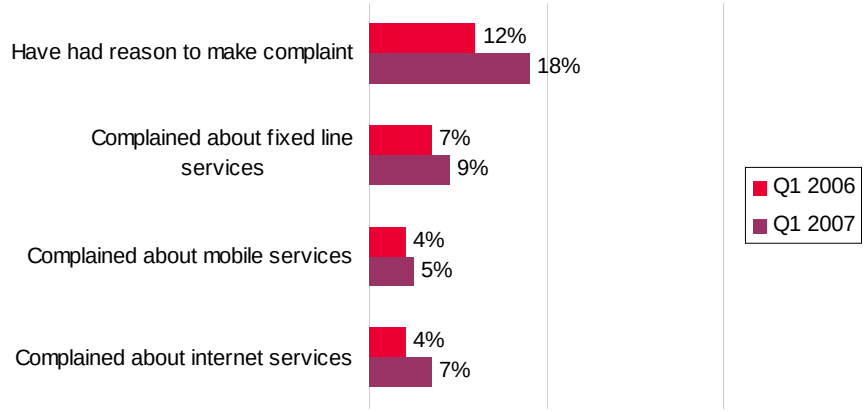


Base: All adults 16+ (2005/2006, 3978) (Q2 2007, 2299)
Source: Ofcom general awareness survey

Spontaneous and prompted awareness of Ofcom has increased since 2005/2006. Prompted awareness of other regulators; the FSA and Ofgem, has also increased, while spontaneous awareness has remained broadly stable.

5.3.2 Whether consumers have ever had cause to complain

Figure 158: Percentage of consumers who have had cause to complain

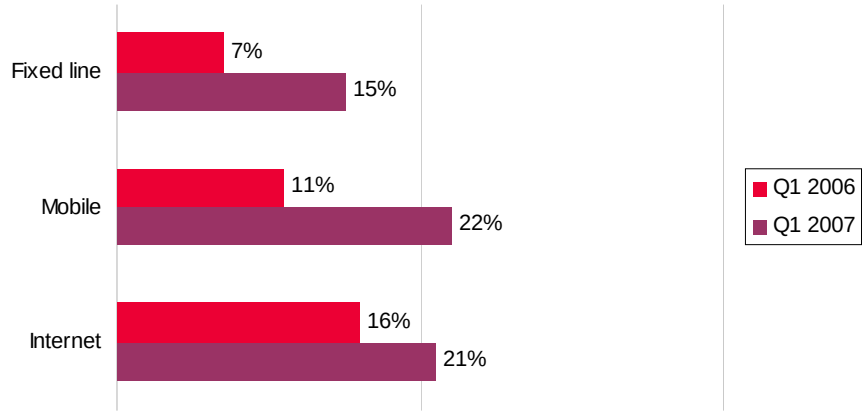


Base: All adults 15+ with fixed-line, personally use mobile or internet access (2293)
Source: Ofcom communications tracking survey (Q1 2007)

There has been an increase in the proportion of consumers who have had cause to complain about telecoms issues, from 12% in 2006 to 18% in 2007. This increase represents a slight increases across the fixed-line, mobile and internet markets.

5.3.3 Reasons consumers did not progress a complaint

Figure 159: Percentage of consumers who did not progress a complaint



Base: All adults 15+ who had reason to complain about fixed-line (2006, 174) (2007, 213), mobile (2006, 115) (2007, 100), internet (2006, 113) (2007, 150)
Source: Ofcom communications tracking survey Q1 2006 and Q1 2007

Despite an increase in the proportion of consumers who have had cause to complain, Figure 159 above appears to show that there has been a decrease in the proportion of consumers who have progressed with their complaint. However, with the exception of mobile consumers, the changes are not significant.

Table 6: Reasons consumers did not progress a complaint

	Not worth the hassle	Problem was sorted out	Did not have time	Won't do anything anyway	Didn't know where to go	Other reason	Don't know
Fixed-line	4%	6%	1%	1%	2%	1%	0%
Mobile	9%	6%	1%	5%	1%	1%	0%
Internet	4%	5%	2%	5%	0%	3%	2%

Base: All adults 15+ who had a reason to complain about their fixed-line (213), mobile (100), internet (150)
Source: Ofcom communications tracking survey Q1 2007

The main reasons fixed-line and internet consumers did not progress their complaints were that 'the problem was sorted out' or 'it wasn't worth the hassle'. In addition some internet consumers believed nothing would be done anyway.

Mobile consumers were more likely to state that 'it was not worth the hassle', 'the problem was sorted out' or 'that nothing would be done'.

Qualitative insights to the experience of consumers with hearing impairments

In qualitative research some hearing impaired consumers claimed that there were unlikely to complain about services, both for general and hearing-impairment-related reasons, including:

- low levels of confidence, especially amongst many older consumers, those from lower socio-economic groups and those with severe/profound hearing impairments;
- low awareness of how to complain;
- a dislike of telephone-based customer service systems, which were not felt to be user-friendly for people with hearing impairments;
- a belief that it would be difficult to make themselves understood if they did complain (especially those with severe/profound hearing impairment); and
- reticence to ask or to impose on others.

Annex 1

Research methodologies

Ofcom communications tracking survey

Methodology	Continuous face-to-face survey
Core objective	To provide Ofcom with continued understanding of consumer behaviour in the UK communications markets to help monitor changes and assess the degree and success of competition.
Sample size	700+ per month (2265 Q2 2007)
Fieldwork period	Q4 2006 (October, November, December), Q1 2007 (January, February, March), Q2 2007 (April, May, June)
Sample definition	UK adults aged 15+, reflective of the UK profile by sex, age, socio-economic group, region, employment status, cabled/non cabled areas, rural/urban areas and levels of deprivation.
Weighting	Where necessary, the data have been weighted to ensure they are representative of the UK adult population.

Ofcom 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 multichannel TV services may affect consumers' decision-making. To gain a better understanding of how consumers make decisions when choosing a supplier, both in switching supplier within markets and in 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 to 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 have been weighted to ensure the sample is representative of the UK adult 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.

Ofcom low income research

Methodology	Qualitative survey involving in-depth individual and paired interviews
Core objective	To add attitudinal and behavioural insight to the quantitative data Ofcom has on consumers with a low income and to support the specific information needs of ongoing work involving low income consumers.
Sample size	N=95
Fieldwork period	August 2007
Sample definition	There were a number of variables to be considered when sampling among the UK's low income population, including household earnings (<£15k and <£11.5k), communications services used, working status, life stage, age, gender, national and rural / urban locations and ethnicity.

Ofcom hearing impairment research

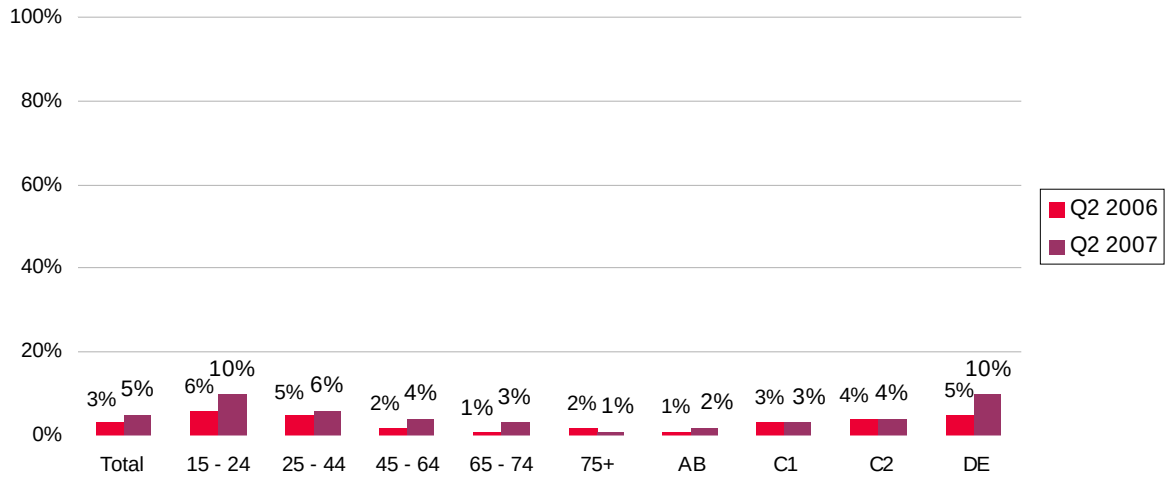
Methodology	Qualitative survey involving in-depth individual and paired interviews
Core objective	To add attitudinal and behavioural insight to the quantitative data Ofcom has on consumers with a hearing impairment.
Sample size	N=55
Fieldwork period	August 2007
Sample definition	The sample included a balanced representation from the following groups: levels of hearing impairment; types of onset of hearing impairment; technology 'embracers'; consumers who have switched suppliers, nations and regions, gender, socio-economic groups and ethnicity.

Annex 2

Demographic analysis

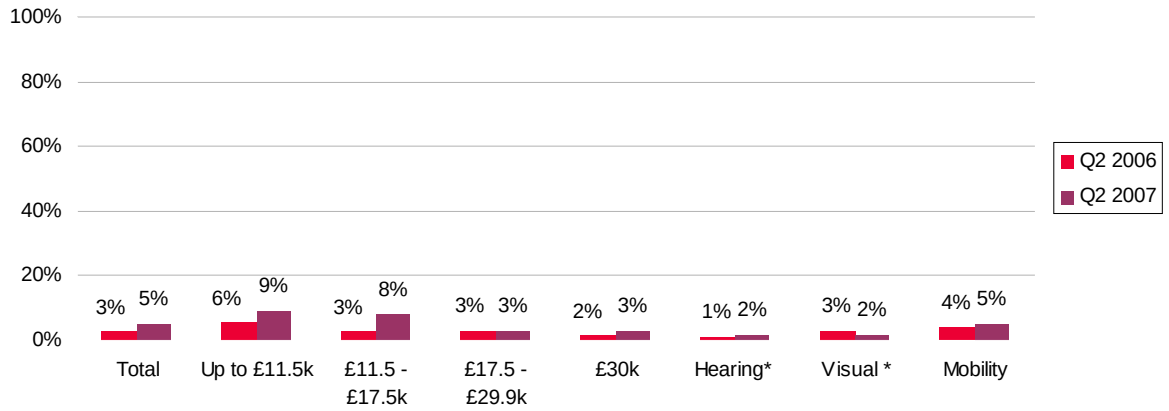
Non-ownership figures

Figure 160: Voluntary non-ownership of fixed lines by age and socio-economic group



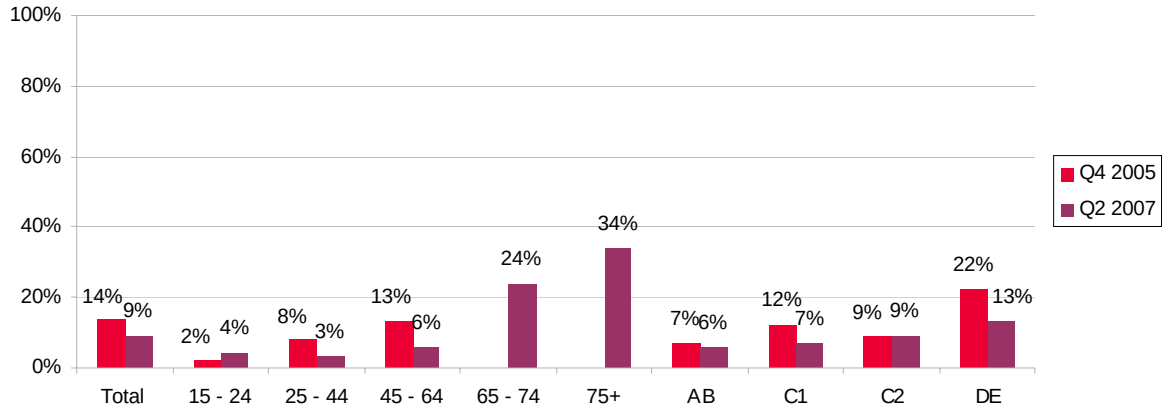
Base: All adults 15+ (Q2 2006, 2439) (Q2 2007, 2265)
Source: Ofcom Communications Tracking Survey

Figure 161: Voluntary non-ownership of fixed lines by income and disability



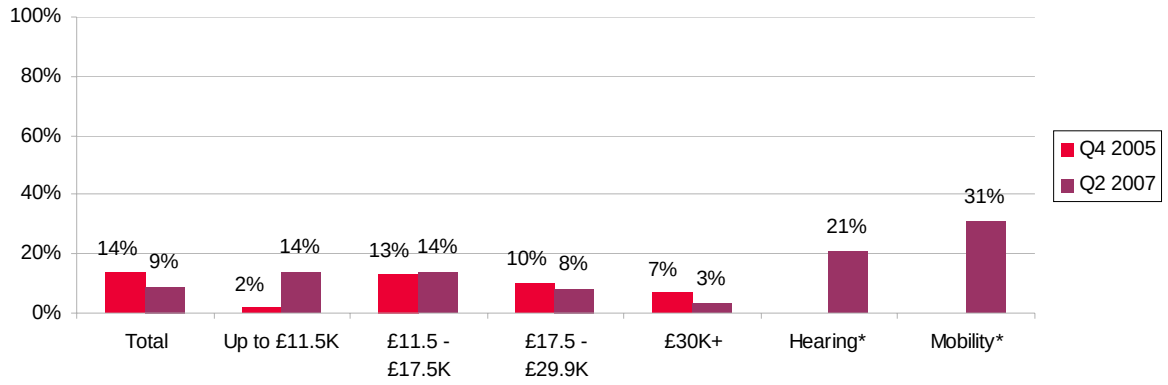
* Caution: Small base size
Base: All adults 15+ (Q2 2006, 2439) (Q2 2007, 2265)
Source: Ofcom Communications Tracking Survey

Figure 162: Voluntary non-ownership of mobile services by age and socio-economic group



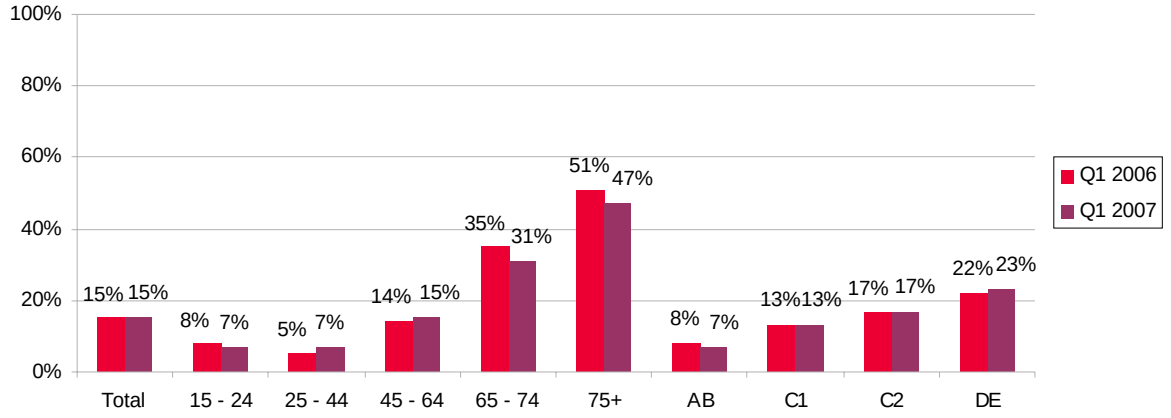
Base: All adults 15+ (Q4 2005, 2689) (Q2 2007, 1529)
Source: Ofcom Communications Tracking Survey

Figure 163: Voluntary non-ownership of mobile services by income and disability



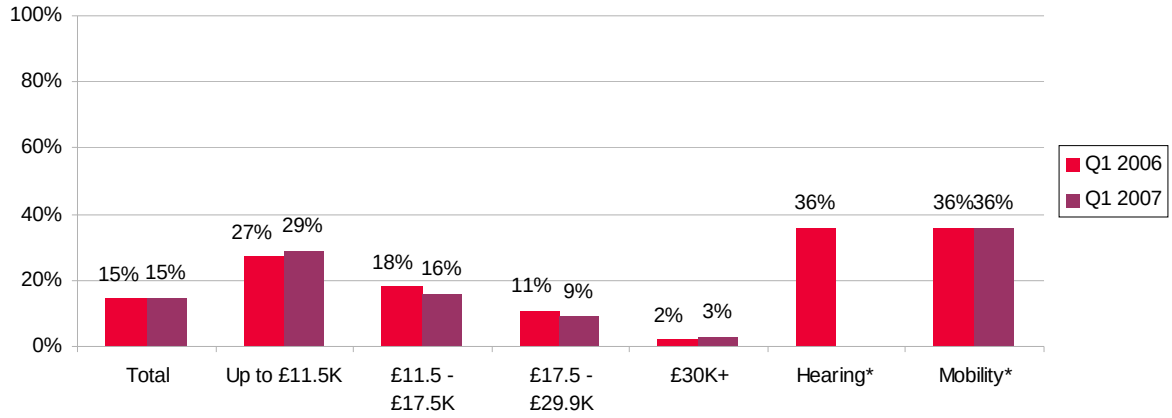
*Caution: Small base size
Base: All adults 15+ (Q4 2005, 2689) (Q2 2007, 1529)
Source: Ofcom Communications Tracking Survey

Figure 164: Voluntary non-ownership of internet by age and socio-economic group



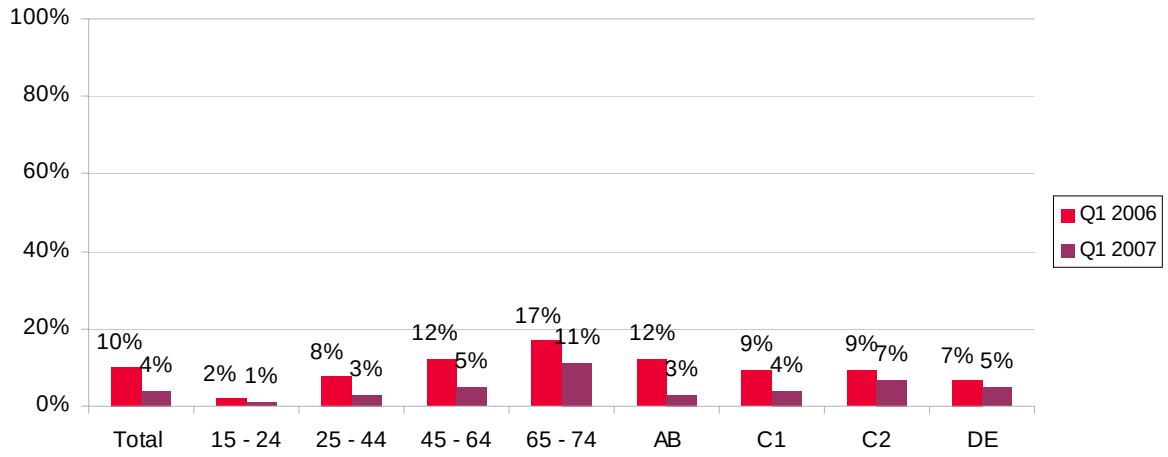
Base: All adults 15+ (Q1 2006, 2439) (Q1 2007, 1547)
Source: Ofcom Communications Tracking Survey

Figure 165: Voluntary non-ownership of internet by income and disability



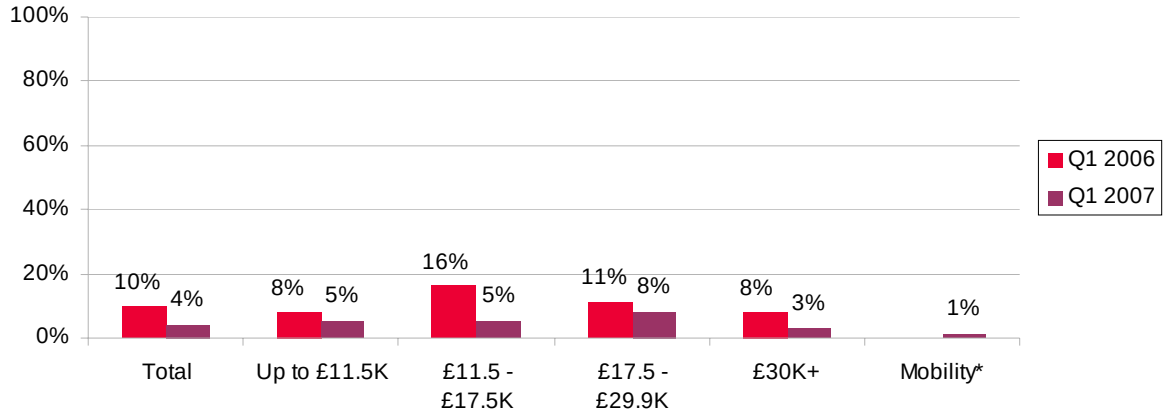
* Caution: Small base size
Base: All adults 15+ (Q1 2006, 2439) (Q1 2007, 1547)
Source: Ofcom Communications Tracking Survey

Figure 166: Voluntary non-ownership of broadband by age and socio-economic group



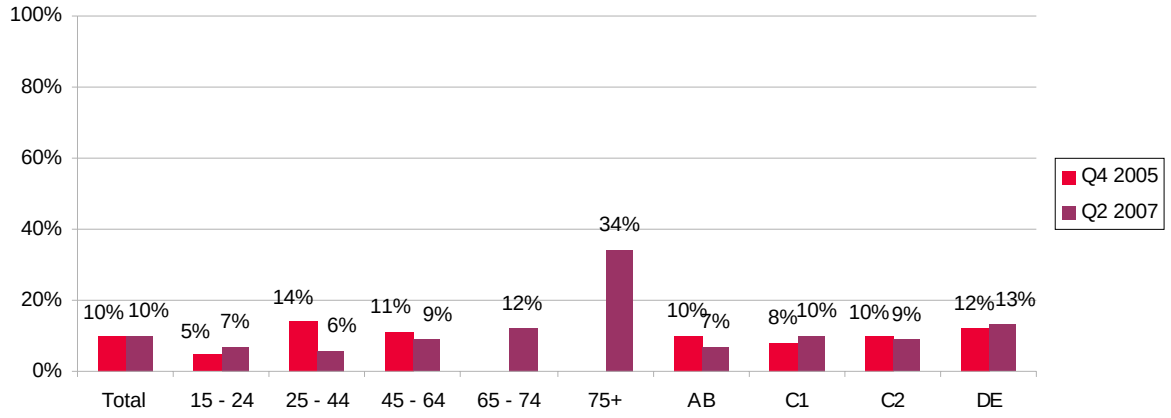
Base: All adults who have internet at home (Q2 2006, 1335) (Q1 2007, 988)
Source: Ofcom Communications Survey

Figure 167: Voluntary non-ownership of broadband by income and disability



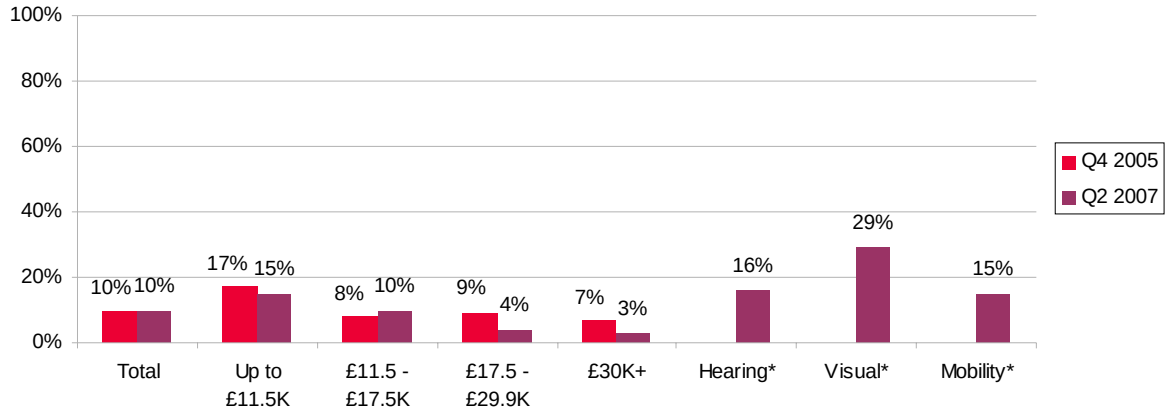
* Caution: Small base size
Base: All adults 15+ who have internet at home (Q2 2006, 1335) (Q1 2007, 988)
Source: Ofcom Communications Survey

Figure 168: Voluntary non-ownership of digital TV services by age and socio-economic group



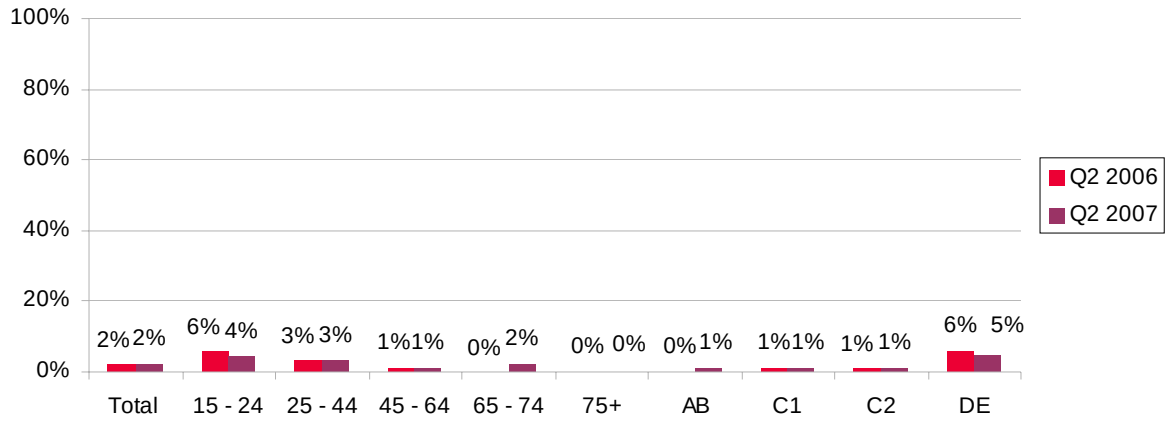
Base: All adults 15+ (Q4 2005, 2689) (Q1 2007, 2311)
Source: Ofcom Communications Survey

Figure 169: Voluntary non-ownership of digital TV services by income and disability



* Caution: Small base size
Base: All adults 15+ (Q4 2005, 2689) (Q1 2007, 2311)
Source: Ofcom Communications Survey

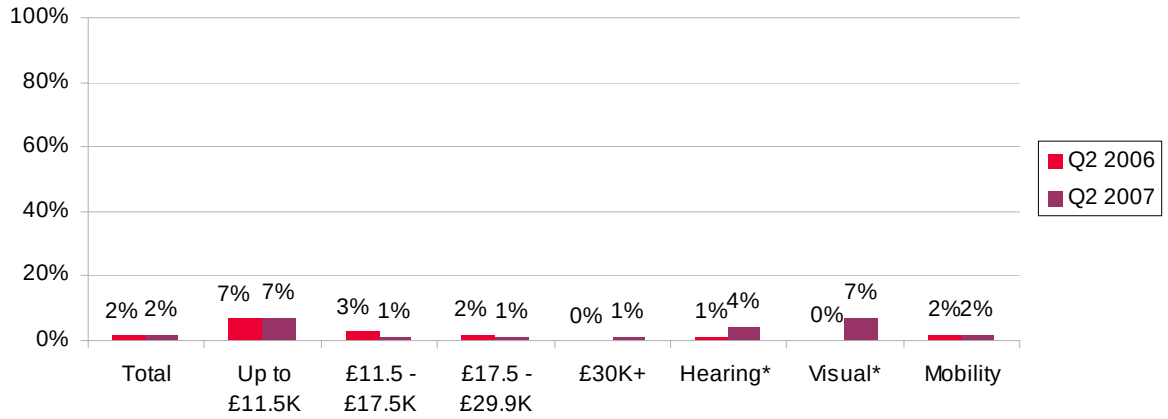
Figure 170: Involuntary non-ownership of fixed line by age and socio-economic group



* Caution: Small base size
Base: All adults 15+ (Q2 2006, 2439) (Q2 2007, 2265)
Source: Ofcom Communications Tracking Survey

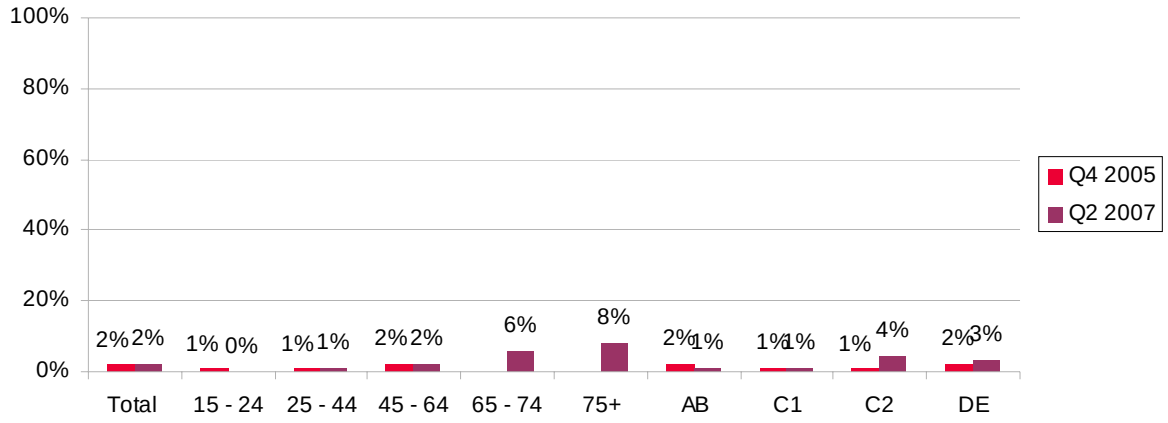
Figure x: Involuntary non-ownership of fixed line by income and disability

Figure 171: Involuntary non-ownership of fixed line by income and disability



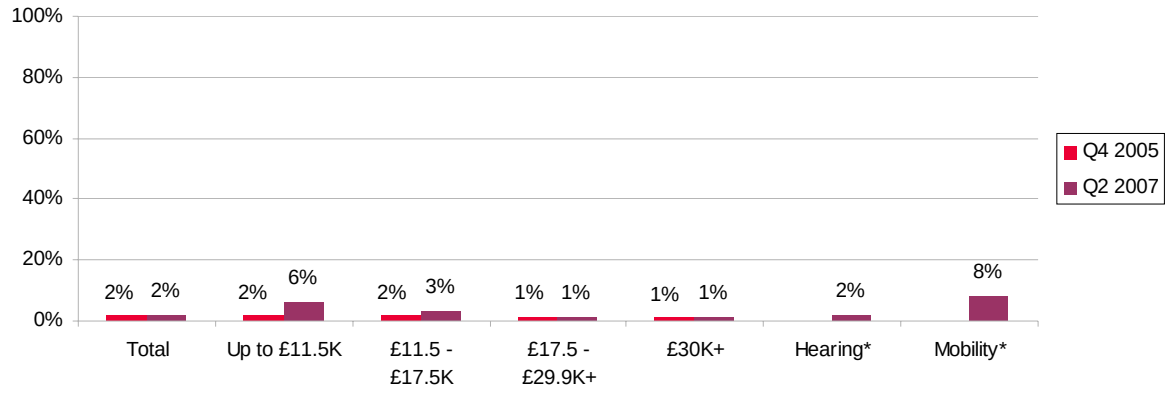
* Caution: Small base size
Base: All adults 15+ (Q2 2006, 2439) (Q2 2007, 2265)
Source: Ofcom Communications Tracking Survey

Figure 172: Involuntary non-ownership of mobile services by age and socio-economic group



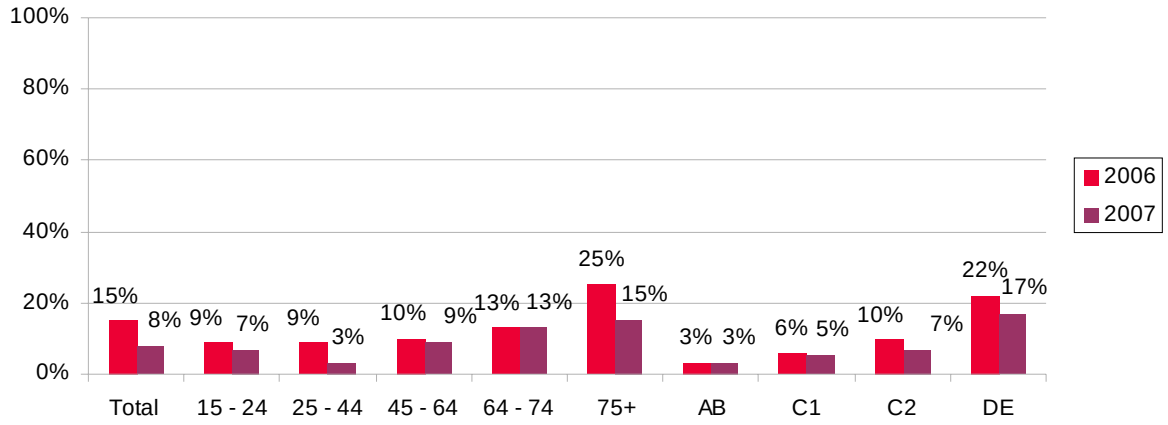
Base: All adults 15+ (Q4 2005, 2689) (Q2 2007, 1529)
Source: Ofcom Communications Tracking Survey

Figure 173: Involuntary non-ownership of mobile services by income and disability



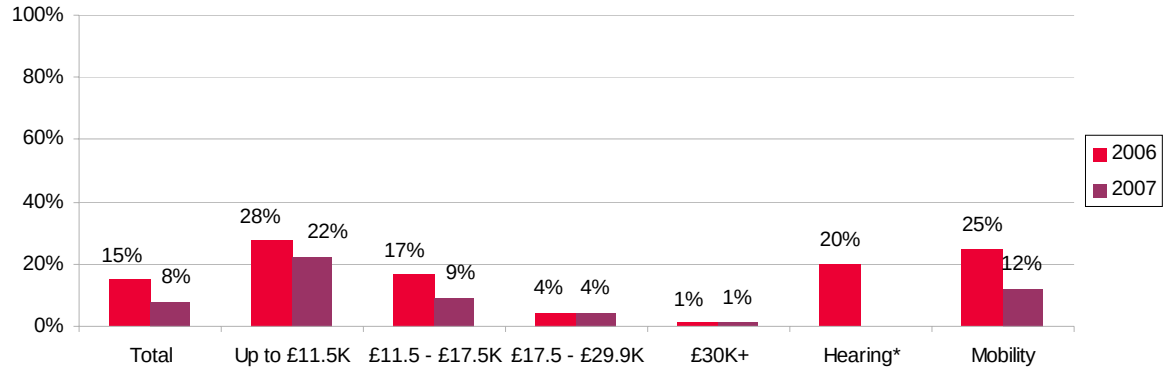
* Caution: Small base size
Base: All adults 15+ (Q4 2005, 2689) (Q2 2007, 1529)
Source: Ofcom Communications Tracking Survey

Figure 174: Involuntary non-ownership of internet by age and socio-economic group



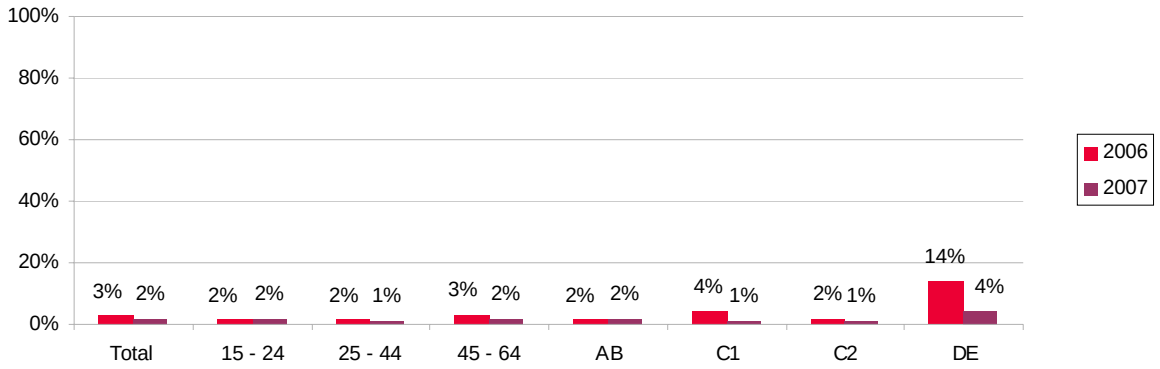
* Caution: Small base size
Base: All adults 15+ (2006, 1335) (2007, 1547)
Source: Ofcom Communications Tracking Survey Q1 2006 and 2007

Figure 175: Involuntary non-ownership of internet by income and disability



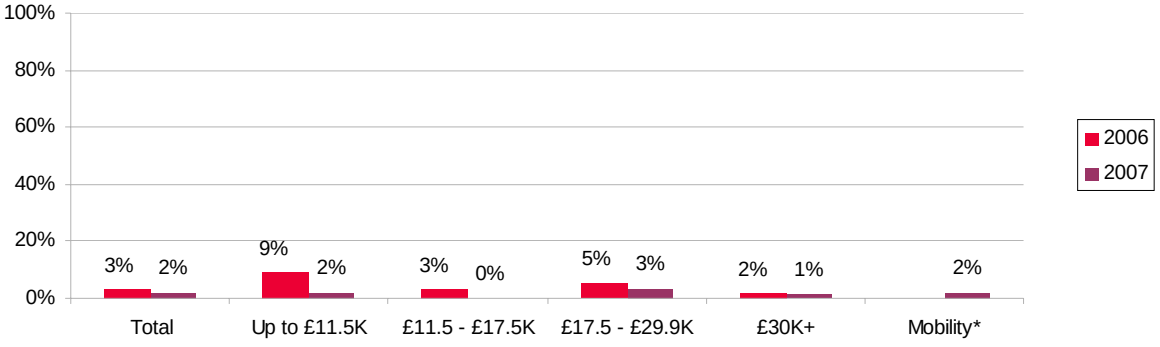
*Caution: Small base size
Base: All adults 15+ (2006, 1335) (2007, 1547)
Source: Ofcom Communications Tracking Survey Q1 2006 and 2007

Figure 176: Involuntary non-ownership of broadband by age and socio-economic group



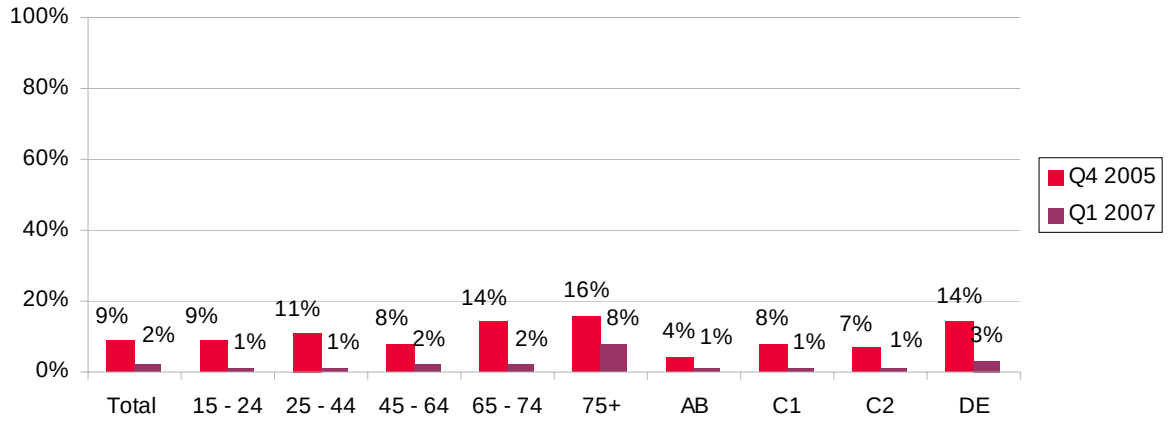
* Caution: Small base size
Base: All adults 15+ who have the internet at home (2006, 1335) (2007, 988)
Source: Ofcom Communications Tracking Survey Q1 2006 and 2007

Figure 177: Involuntary non-ownership of broadband by income and disability



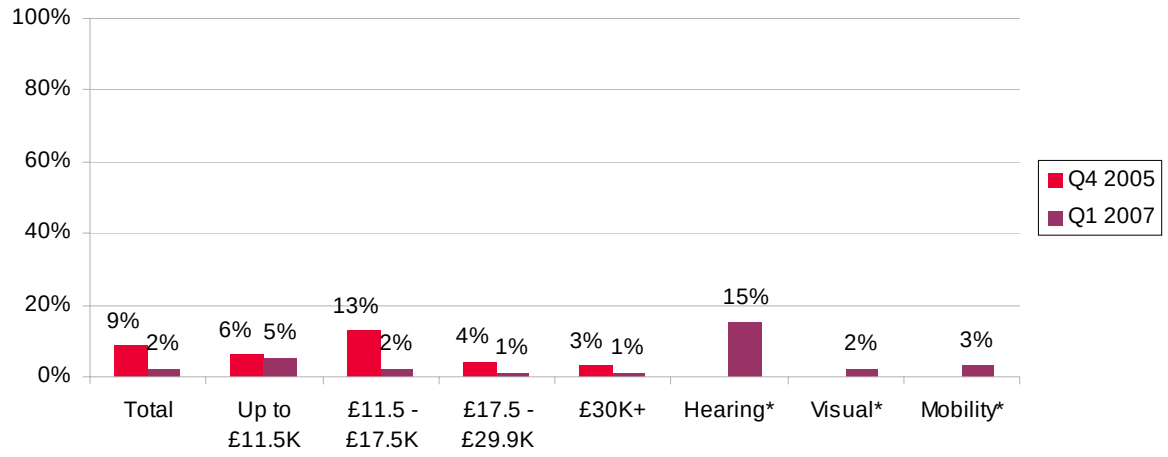
* Caution: Small base size
Base: All adults 15+ who have the internet at home (2006, 1335) (2007, 988)
Source: Ofcom Communications Tracking Survey Q1 2006 and 2007

Figure 178: Involuntary non-ownership of digital TV services by age and socio-economic group



Base: All adults 15+ (2005, 2689) (2007, 2311)
Source: 2005 Ofcom Consumer Panel Tracking Survey (November), 2007 Ofcom Communications Tracking Survey (Q1)

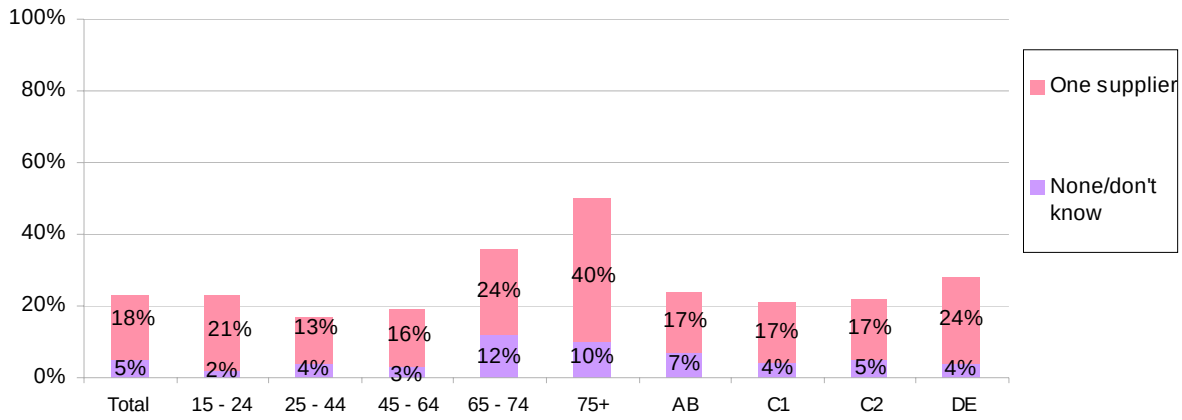
Figure 179: Involuntary non-ownership of digital TV services by income and disability group



* Caution: Small base size
Base: All adults 15+ (2005, 2689) (2007, 2311)
Source: 2005 Ofcom Consumer Panel Tracking Survey (November), 2007 Ofcom Communications Tracking Survey (Q1)

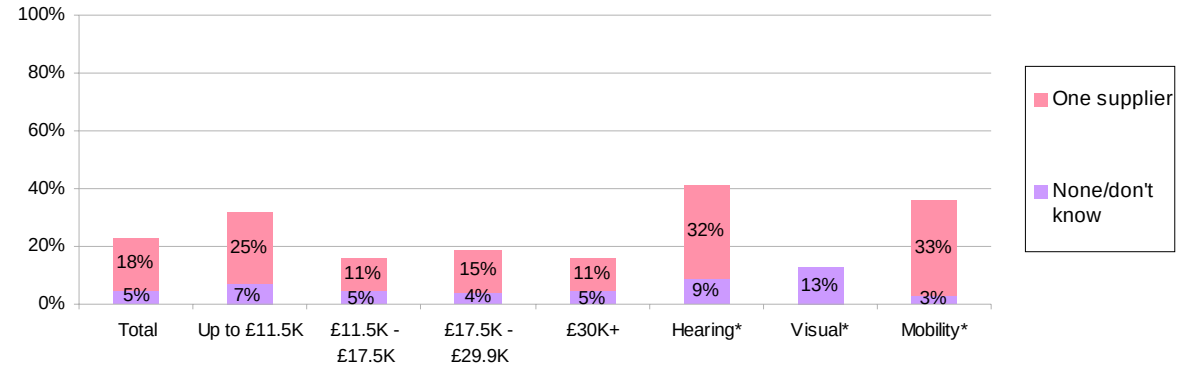
Awareness of suppliers

Figure 180: Prompted awareness of fixed line suppliers by age and socio-economic group



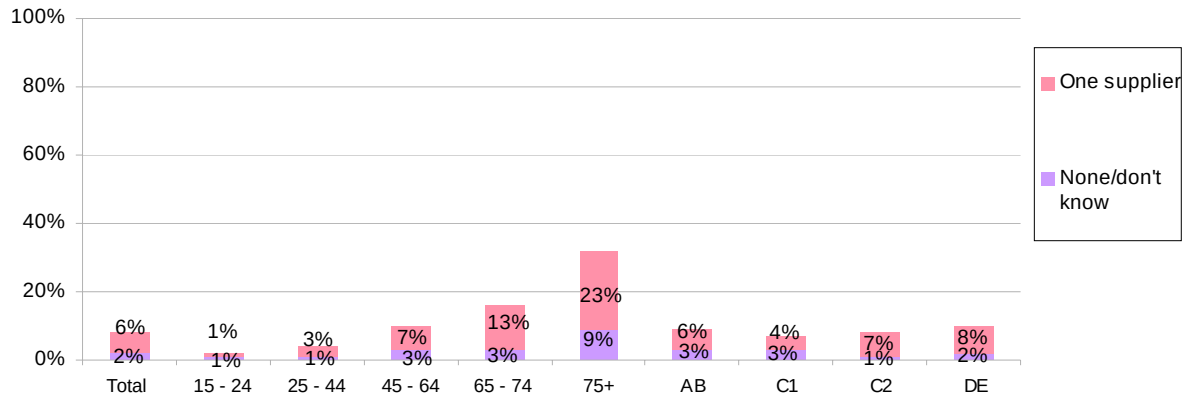
Base: All adults 15+ with a fixed line (Q2 2007, 1319)
Source: Ofcom Communications Survey

Figure 181: Prompted awareness of fixed line suppliers by income and disability



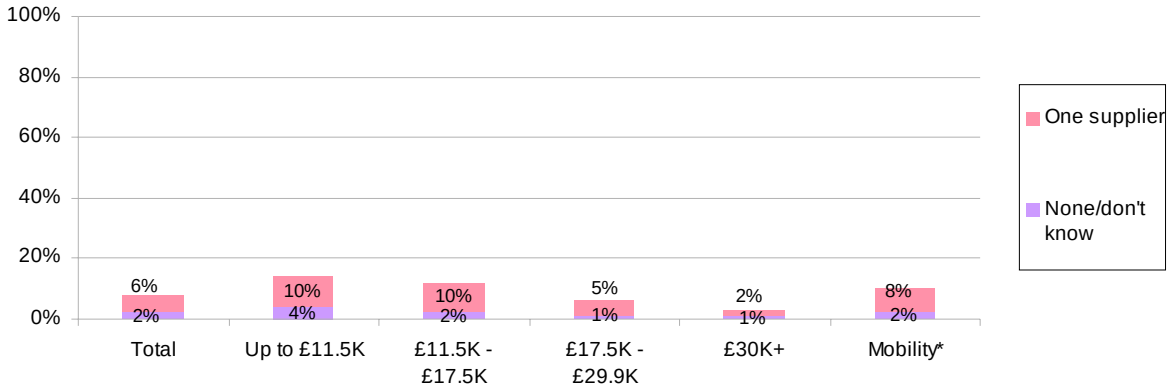
*Caution: Small base size
Base: All adults 15+ with a fixed line (Q2 2007, 1319)
Source: Ofcom Communications Survey

Figure 182: Prompted awareness of mobile suppliers by age and socio-economic group



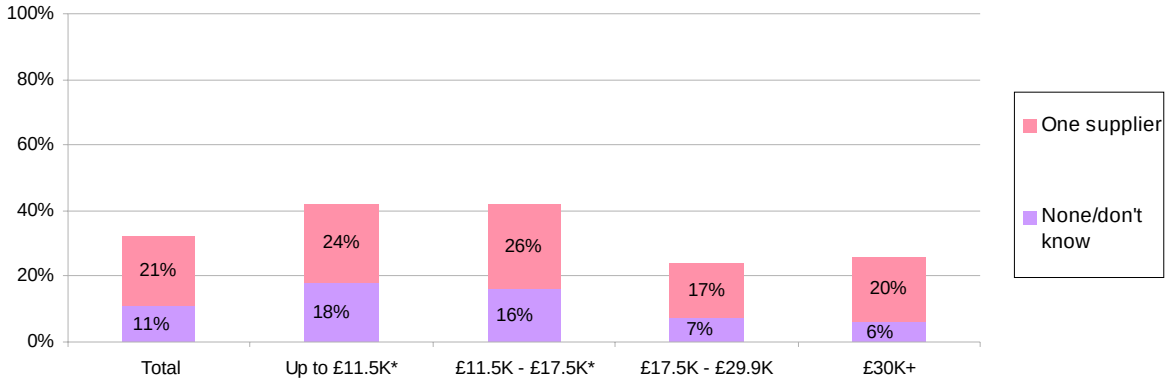
Base: All adults 15+ with mobile service (Q2 2007, 1301)
Source: Ofcom communications tracking survey

Figure 183: Prompted awareness of mobile suppliers by income and disability



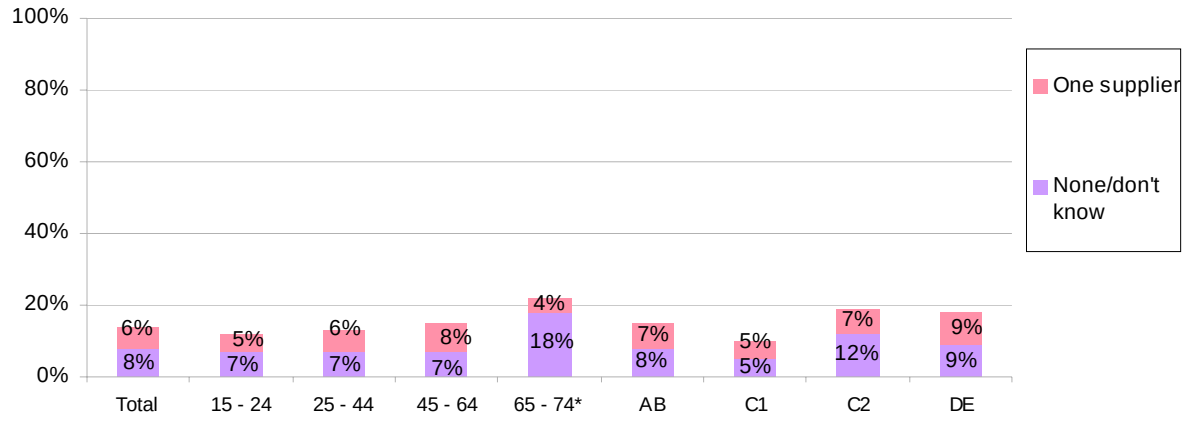
* Caution: Small base size
Base: All adults 15+ with mobile service (Q2 2007, 1301)
Source: Ofcom communications tracking survey

Figure 184: Spontaneous awareness of broadband suppliers by income



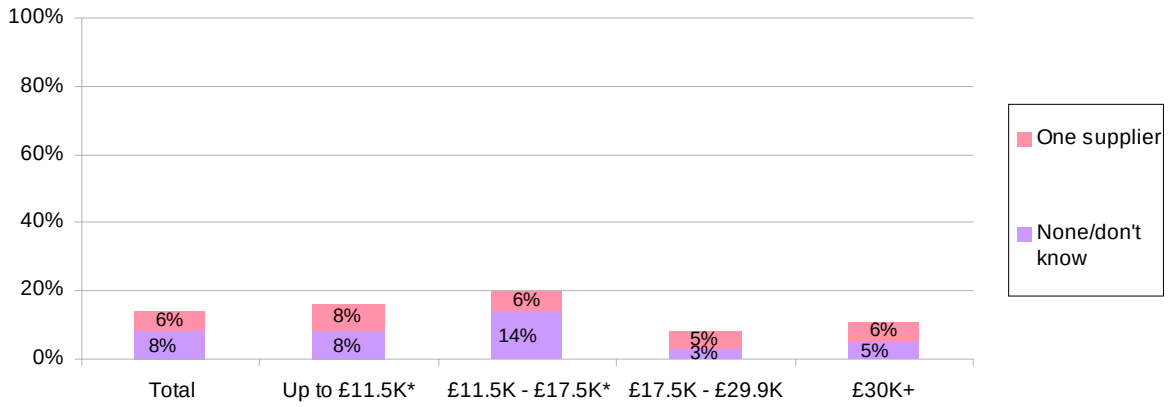
Base: All adults 15+ with internet access at home (Q2 2007, 824)
Source: Ofcom communications tracking survey

Figure 185: Prompted awareness of broadband suppliers by age and socio-economic group



* Caution: Small base size
Base: All adults 15+ with internet access at home (Q2 2007, 824)
Source: Ofcom communications tracking survey

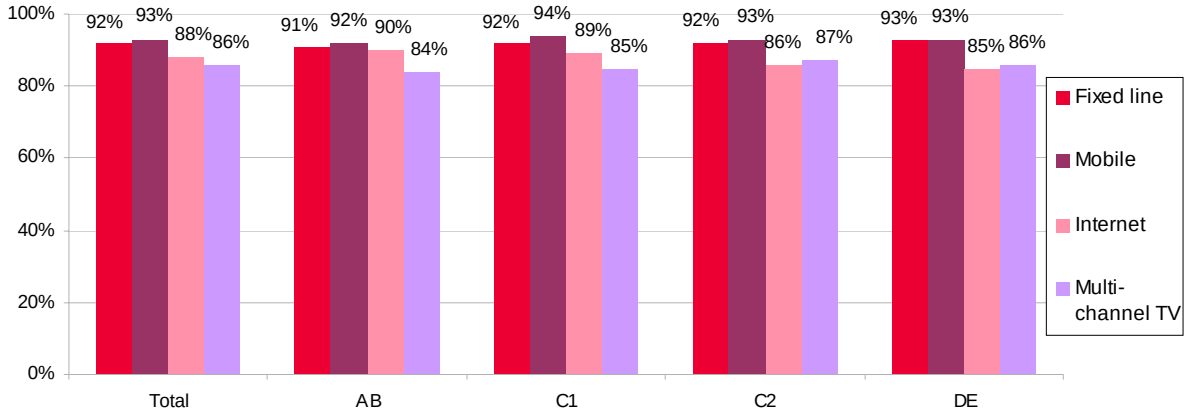
Figure 186: Prompted awareness of broadband suppliers by income and disability



*Caution: Small base size
Base: All adults 15+ with internet access at home (Q2 2007, 824)
Source: Ofcom communications tracking survey

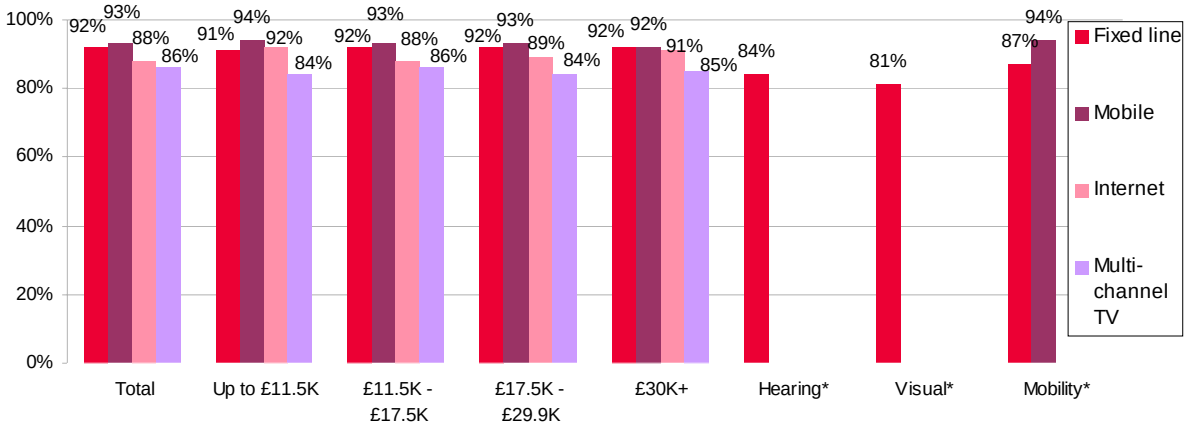
Satisfaction with suppliers

Figure 187: Satisfaction with overall services from communications suppliers by socio-economic group



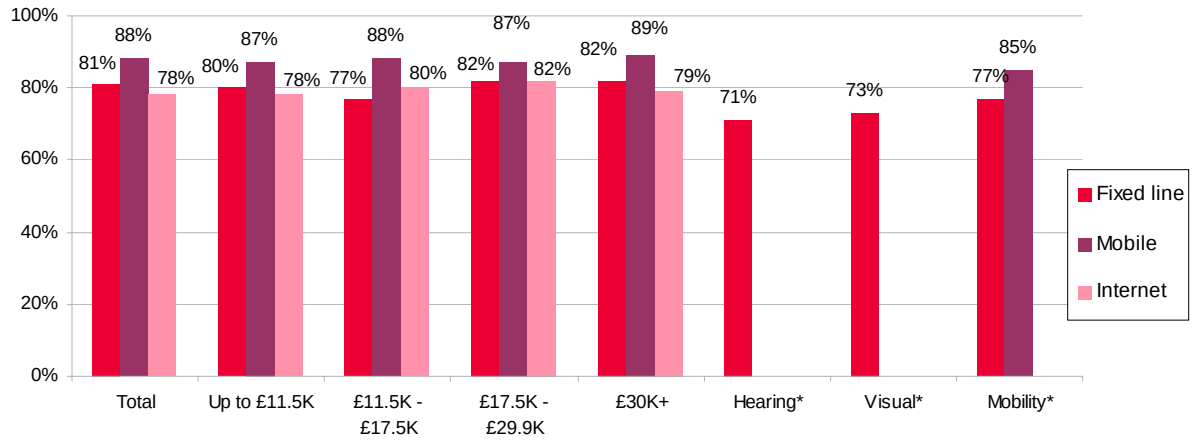
Base: All adults 15+ with a service who expressed an opinion on (fixed line Q2 2007, 1329) (mobile Q2 2007, 1273) (internet Q1 2007, 928) (multichannel TV Q1 2007, 1211)
Source: Ofcom communications tracking survey

Figure 188: Satisfaction with overall services from communications suppliers by income and disability



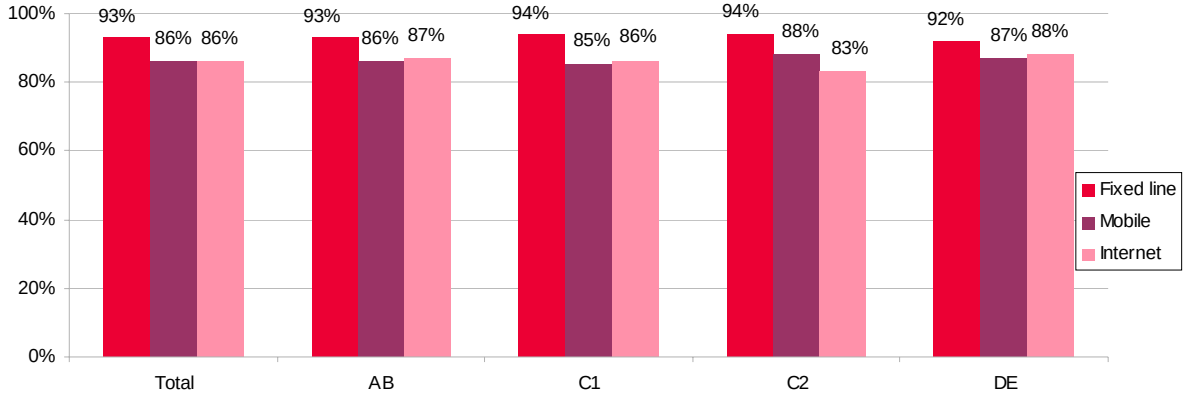
* Caution: Small base size
Base: All adults 15+ with a service who expressed an opinion on (fixed line Q2 2007, 1329) (mobile Q2 2007, 1273) (internet Q1 2007, 928) (multichannel TV Q1 2007, 1211)
Source: Ofcom communications tracking survey

Figure 189: Satisfaction with value for money by income and disability



* Caution: Small base size
Base: All adults 15+ with a service who expressed an opinion on (fixed line Q2 2007, 1259) (mobile Q2 2007, 1237) (internet Q1 2007, 848).
Source: Ofcom communications tracking survey

Figure 190: Satisfaction with reliability of service by socio-economic group



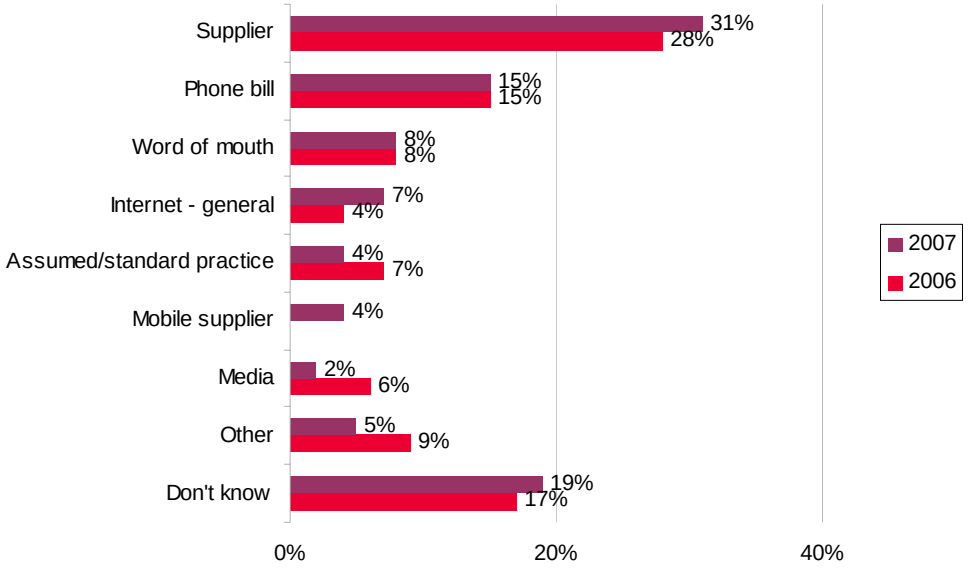
Base: All adults 15+ with service who expressed an opinion on (fixed line Q2 2007, 1294) (mobile Q2 2007, 1254) (internet Q1 2007, 890.
Source : Ofcom communications tracking survey

Figure 191: Satisfaction with reliability of service by income and disability

* Caution: Small base size
Base: All adults 15+ with service who expressed an opinion on (fixed line Q2 2007, 1294) (mobile Q2 2007, 1254) (internet Q1 2007, 890.
Source : Ofcom communications tracking survey

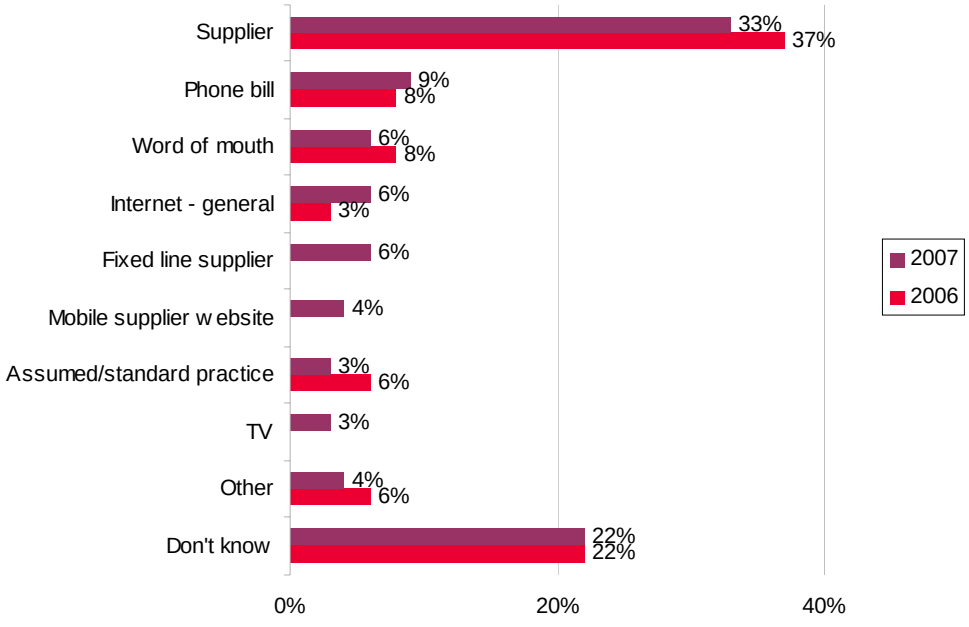
Awareness of right to receive an industry code of practice

Figure 192: Where people found out about their fixed line suppliers code of practice – total mentions



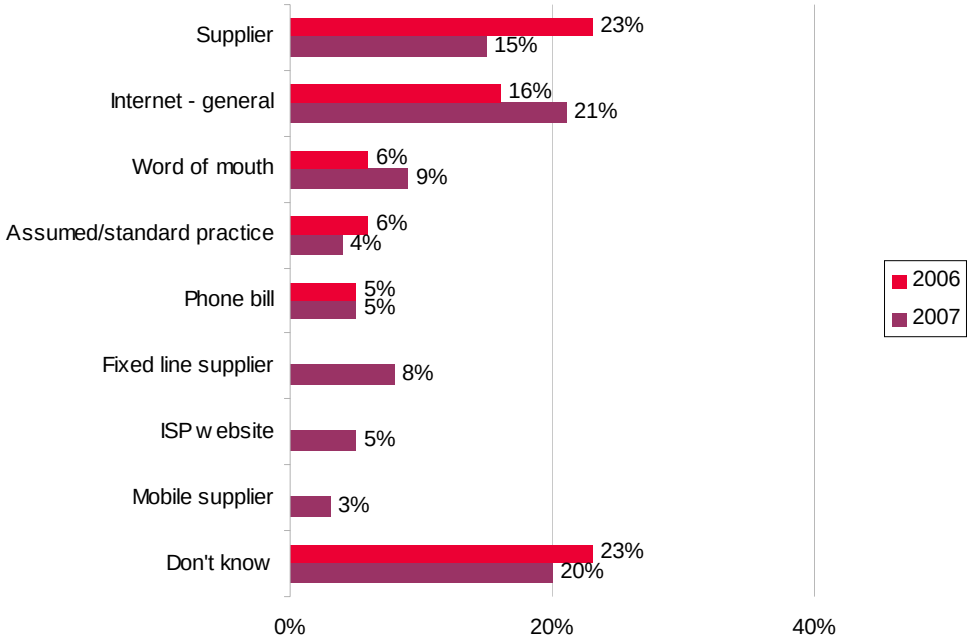
Base: All adults with fixed line who are aware of code of practice (2006, 1241) (2007, 608)
Source: Ofcom Communications Tracking Survey Q1 2007

Figure 193: Where people found out about their mobile suppliers code of practice – total mentions



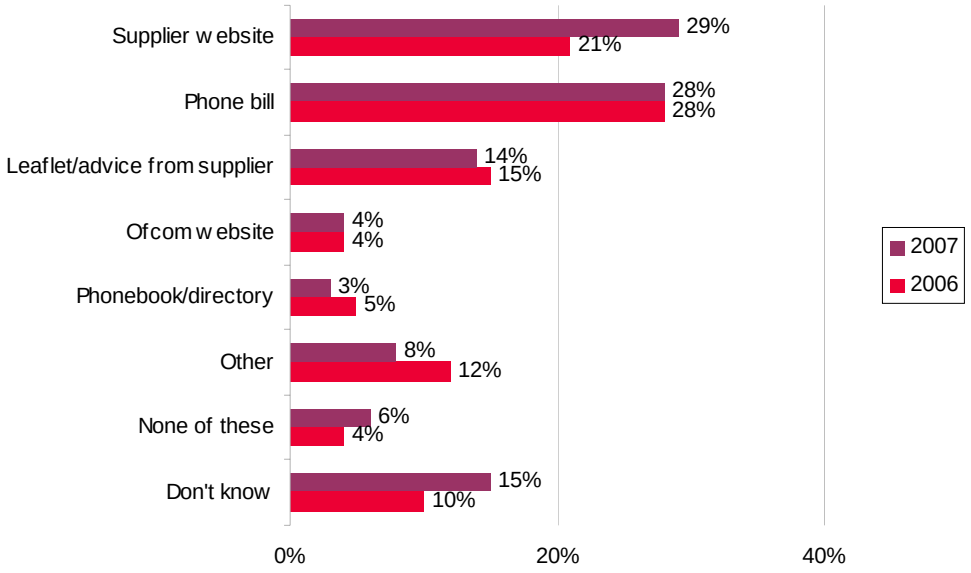
Base: All adults with mobile who are aware of code of practice (2006, 1241) (2007, 509)
Source: Ofcom Communications Tracking Survey Q1 2007

Figure 194: Where people found out about their internet suppliers code of practice – total mentions



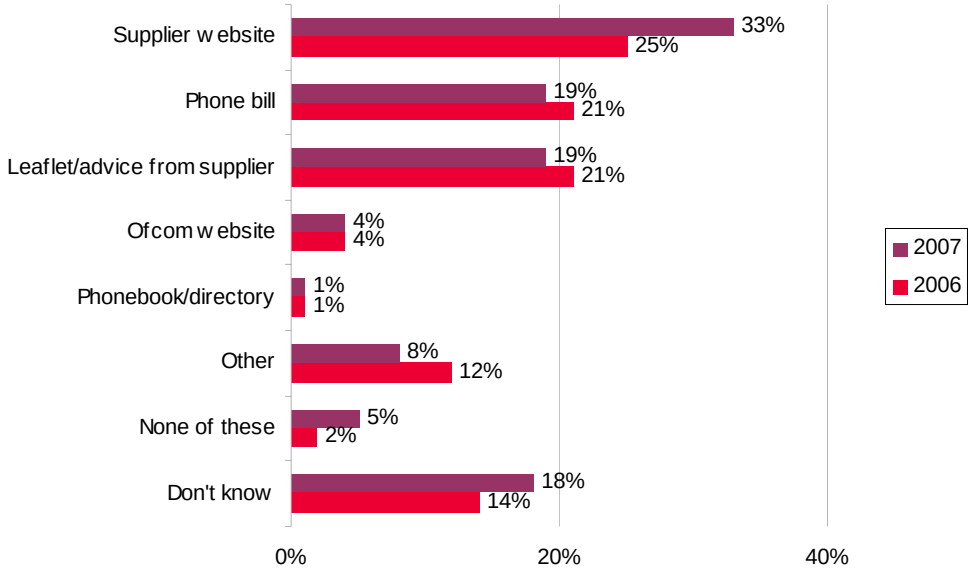
Base: All adults with internet who are aware of code of practice (2006, 733) (2007, 402)
Source: Ofcom Communications Tracking Survey Q1 2007

Figure 195: Where people would like to find their fixed line supplier's code of practice – prompted



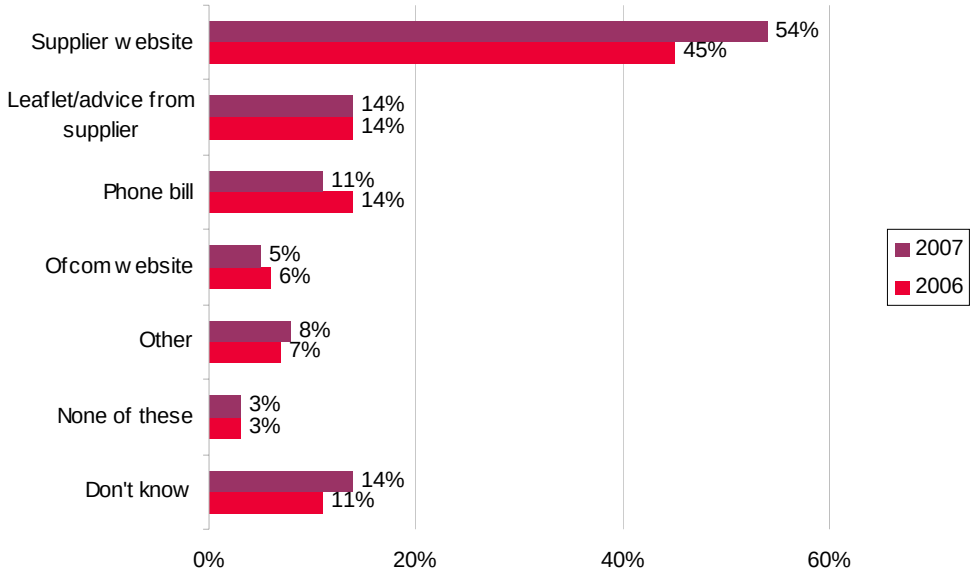
Base: All adults with fixed line (2006, 1272) (2007, 1401)
Source: Ofcom Communications Tracking Survey Q1 2007

Figure 196: Where people would like to find their mobile supplier's code of practice – prompted



Base: All adults with mobile (2006, 1938) (2007, 1269)
Source: Ofcom Communications Tracking Survey Q1 2007

Figure 197: Where people would like to find their internet supplier's code of practice – prompted



Base: All adults with internet (2006, 1646) (2007, 937)
Source: Ofcom Communications Tracking Survey Q1 2007

Annex 3

Glossary of terms and definitions

2G Second generation of mobile telephony systems. Uses digital transmission to support voice, low speed data communications, and short messaging services.

3G Third Generation Cellular Mobile.

ABC1 The aggregate of socio economic groups A, B and C1 (see SEG)

ADSL Asymmetric Digital Subscriber Line. A digital technology that allows the use of a standard telephone line to provide high speed data communications. Allows higher speeds in one direction (towards the customer) than the other.

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

Broadband a service or connection which capable of supporting always-on services which provide the end-user with high data transfer speeds. Large-capacity service or connection allowing a considerable amount of information to be conveyed often used for transmitting bulk data or video or for rapid Internet access.

Bundling Tying one service or product to the supply of others including some situations where the supply of services are linked through the use of discounts

Cancel other Industry term for a customer's current provider cancelling the request from a new supplier to switch their customers account, due to the customer being slammed.

Cashback Form of promotion offered to customers, in which a customer signs up for a mobile phone network, and in return is reimbursed for a proportion of the line rental payable under that contract.

C2DE The aggregate of socio-economic groups C2, D and E (see SEG)

Communications Act 2003 Communications Act 2003, which came into force in July 2003.

Complaints code of practice Document required of all communications providers that is easily accessible to consumers and sets out the correct procedures for consumers to follow should they need to make a complaint

Connection speed The rate information can be transferred from the Internet to a computer. Dependent on the type of connection, i.e. modem, cable, DSL, etc

Contention ratio An indication of the number of customers who share the capacity available in an ISP?s broadband network. Figures of 50:1 for residential broadband connections and 20:1 for business are typical).

CPS Carrier pre-selection. The facility offered to customers which allows them to opt for certain defined classes of call to be carried by an operator selected in advance (and having a contract with the customer) without having to dial a routing prefix, use a dialler box, or follow any other different procedure to invoke such routing.

DAB Digital Audio Broadcasting. A set of internationally accepted standards for the technology by which terrestrial Digital Radio multiplex services are broadcast in the UK.

DSL Digital Subscriber Line. A family of technologies generally referred to as DSL, or xDSL, capable of transforming ordinary phone lines (also known as 'twisted copper pairs') into high-speed digital lines, capable of supporting advanced services such as fast Internet access and video-on-demand. ADSL, HDSL (High data rate Digital Subscriber Line) and VDSL (Very high data rate Digital Subscriber Line) are all variants of xDSL).

DSO Digital switchover. The process of switching over the current analogue television broadcasting system to digital, as well as ensuring that people have adapted or upgraded their televisions and recording equipment to receive digital TV.

DTT Digital Terrestrial Television. Currently most commonly delivered through the Freeview service.

DIGITAL TV Digital Television

Free to Air Television service which can be received in a given area without charge to the viewer. Some free-to-air services may be broadcast in scrambled form in order to limit access to viewers in a specific geographic area. Other free-to-air services may be broadcast in the clear - ie unscrambled.

Freeview Free digital service giving access to over 30 TV channels, over 20 radio stations plus a new whole world of interactive services

FSA Financial Services Authority

ICSTIS Independent Committee for the Supervision of Standards of Telephone Information Services. Now called PhonePay Plus

Internet A global network of networks, using a common set of standards (e.g. the Internet Protocol), accessed by users with a computer via a service provider.

Involuntary non-ownership Where potential consumers are without access to a service but not through choice

ISP Internet Service Provider. A company that provides access to the internet

Kbit/s Kilo bits per second (1,000 bits per second). A unit of measurement of data transmission speed

LLU Local Loop Unbundling. Process by which a dominant provider's local loops are physically disconnected from its network and connected to competing providers' networks. This enables operators other than the incumbent to use the local loop to provide services directly to customers.

Local Loop Access network connection between the customers premises and the local PSTN exchange, usually a loop comprised by two copper wires twisted together.

MAC Migration Authorisation Code. Unique identifier used by broadband customers when they wish to switch broadband service provider

Mbit/s Mega bits per second (1,000,000 bits per second). A unit of measurement of data transmission speed

Mis-selling A term that covers a range of sales and marketing activities that can work against the interests of both consumers and competition and can undermine confidence in the industry as a whole

MMS Multimedia Messaging Service. The next generation of mobile messaging services, adding photos, pictures and audio to text messages.

MNO Mobile Network Operators

Mobile termination The charge operators which originate calls have to pay to mobile operators to deliver calls to their mobile customers

Multichannel In the UK, this refers to the provision or receipt of television services other than the main five channels (BBC ONE & TWO, ITV1, Channel 4/S4C, Five) plus local analogue services. 'Multichannel homes' comprise all those with digital terrestrial TV, satellite TV, digital cable or analogue cable, or TV over broadband. Also used as a noun to refer to a channel only available on digital platforms (or analogue cable).

MVNO Mobile virtual network operator. An organisation which provides mobile telephony services to its customers, but does not have allocation of spectrum or its own wireless network.

Multiplex A device that sends multiple signals or streams of information on a carrier at the same time in the form of a single, complex signal. The separate signals are then recovered at the receiving end.

Narrowband A service or connection providing data speeds up to 128kbit/s, such as via an analogue telephone line, or via ISD.

OAT Ofcom Advisory Team (previously known as the Ofcom Contact Centre)

OCC Ofcom Contact Centre. See OAT.

OECD Organisation of Economic Co-operation and Development

Off-net mobile calls Calls to mobiles on a different network

Ofgem Regulators of the electricity and gas markets in the UK

Omnibus Quantitative market research survey carrying questions on different topics

PC Personal computer

Platform The device on which a technology runs

Postal district The geographic area identified by letters and numbers which appears as the first part of a post code, e.g. SW8

PhonepayPlus Formerly known as ICSTIS. The regulator for premium rate charged telecommunications services.

PRS Premium Rate Service Services including recorded information and live conversation, run by independent service providers. All calls to these companies are charged at a higher rate than ordinary calls to cover the companies' costs in providing the content of the call and the operator's cost for the special network facilities needed.

PSTN Public Switched Telephone Network. Such as BT's current copper telephone network

Silent call Telephone call generated by a dialler which does not have an agent immediately available to handle the call

Slamming Unauthorised switching of a customer's phone service to another carrier

SMS Short Messaging Service

Socio Economic Group (SEG) A social classification, classifying the population into social grades, usually on the basis of the Market Research Society occupational groupings (MRS, 1991). The groups are defined as follows.

> **A.** Professionals such as doctors, solicitors or dentists, chartered people like architects; fully qualified people with a large degree of responsibility such as senior civil servants, senior business executives and high ranking grades within the armed forces. Retired people, previously grade A, and their widows.
>
> **B.** People with very senior jobs such as university lecturers, heads of local government departments, middle management in business organisations, bank managers, police inspectors, and upper grades in the armed forces.
>
> **C1.** All others doing non-manual jobs, including nurses, technicians, pharmacists, salesmen, publicans, clerical workers, police sergeants and middle ranks of the armed forces.
>
> **C2.** Skilled manual workers, foremen, manual workers with special qualifications such as lorry drivers, security officers and lower grades of the armed forces.
>
> **D.** Semi-skilled and unskilled manual workers, including labourers and those serving apprenticeships. Machine minders, farm labourers, lab assistants and postmen.
>
> **E.** Those on the lowest levels of subsistence including all those dependent upon the state long-term. Casual workers, and those without a regular income.

Tag-on-line When an internet connection with one supplier has not been removed from a fixed-line. A new supplier cannot be used on the line until the previous suppliers 'tag' has been removed from the line

Tariff Schedule of rates and charges for a service

Unbundle See LLU.

Usage cap Monthly limits on the amount of data which broadband users can download, imposed by some ISPs.

USO Universal Service Obligation. The set of Universal Services that Universal Service Providers are required to supply.

VoIP Voice over Internet Protocol. A technology that allows users to send calls using Internet Protocol, using either the public internet or private IP networks.

Voluntary non-ownership Where potential consumers are without access to services, primarily due to a perceived lack of need for a service or satisfaction with using alternative methods

WiFi Wireless Fidelity. Short range wireless technologies using any type of 802.11 standard such as 802.11b or 802.11a. These technologies allow an over-the-air connection between a wireless client and a base station, or between two wireless clients.

Wireless router A computer networking device that enables wireless internet access

WLR Wholesale Line Rental. A regulatory instrument requiring the operator of local access lines to make this service available to competing providers at a wholesale price.