making communications work
for everyone

Communications Market Report 2020

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Overview

The Communications Market Report (CMR) is an interactive data portal, which allows people to interrogate data collected from industry by Ofcom, data from Ofcom's consumer research, and headline figures from selected third parties (including BARB and RAJAR).

Commentary and analysis of much of the data used in the CMR can be found in our Media Nations (television and online video, and radio and online audio), Online Nation (internet services and applications) and Connected Nations (fixed and mobile telecoms) reports, where we look in detail at trends and market developments.

In this short document we highlight some key findings revealed by our most recent data.

What we have found – in brief

The speed of internet connections has increased – 69% of residential broadband lines are superfast (i.e. with speeds of over 30 Mbit/s), an increase of 10 percentage points (pp) since 2018. Half of all lines are now at least part fibre, and the average speed of UK home broadband connections grew by 18% to 64 Mbit/s in 2019.

These faster connections are supporting the use of more data. The volume of data used over both fixed and mobile connections grew by over 30%, with an average of 315 GB used on fixed connections and 2.9 GB on mobile connections per month in 2019.

Despite the increases in speed and data use, average household spend on telecoms is going down. On average, UK households spent £77.50 per month on telecoms services in 2019, a decrease of 6% since 2018 and equivalent to 3% of average monthly household spend.

Growth in viewing online video is contributing to some of the increased data use, as is the increase in connected devices. One in five households now have a smart speaker. More than half of households now have a smart TV, and almost two-thirds of households now have their TV connected to the internet in some way.

The volume of content available on subscription video-on-demand platforms (such as Netflix and Disney+) that people can access through these devices continues to grow, and subscriptions to SVoD services have increased. Subscription services accounted for more than half of online video revenue in 2019, at £1.7bn.

The time spent viewing live broadcast television continued to fall in 2019, as did advertising revenue for TV broadcasters. Daily viewing fell from an average 3 hours 12 minutes per day in 2018 to 3 hours 3 minutes in 2019. Overall audio-visual revenues remained stable, as growth in online video revenues offset this decline.

Although people who are online are getting faster connections and using more data, 13% of households are not online. The proportion of households with an internet connection was 87% in 2020, unchanged for the past three years.

Radio listening remains steady, with weekly reach of radio declining only slightly from 89.4% in Q1 2019 to 88.8% in Q1 2020.

Traditional forms of communication, like post, are still popular. Post remains essential or fairly important for 69% of people as a method of communication, a similar level to instant messaging.

Key findings

Telecoms

By the end of 2019, 67% of all UK broadband connections were superfast (i.e. lines providing speeds of 30 Mbit/s or higher) and over half of connections were fibre-to-the-cabinet and full-fibre lines. Ultrafast connections with speeds of 300 Mbit/s or higher are becoming increasingly common and accounted for 3% of residential broadband lines.

Eighty per cent of households have fixed broadband connections. Mobile phone take-up is also close to universal, with 98% of homes having them.

People are continuing to use more data. Both fixed and mobile customers continue to use more data, with average increases of 31% and 34% respectively. Average data use for fixed broadband connections was 315 GB per month in 2019, over 100 times higher than the 2.9 GB monthly average for mobile.

Messaging is moving online as SMS and MMS use continue to decline rapidly. An average of 68 SMS per month were sent from mobile connections in 2019, ten fewer than in 2018. This is likely to be a result of increased use of online messaging services such as WhatsApp, Facebook Messenger and Instagram.

Call volumes also continue to decline. The total volume of outgoing calls from fixed lines fell by 17% in 2019, while mobile-originated call volumes were unchanged during the year.

Telecoms revenues make an important £32 billion contribution to the UK economy. Retail fixed and retail mobile services each generated £13.4bn in 2019, with the rest being made up by wholesale services.

UK households are spending less on both mobile and fixed services. The average UK household spent £77.50 per month on telecoms services in 2019 a 6% decrease since 2018 and equivalent to 3% of total average monthly household spend.

Pay-monthly continued to be the most common type of mobile subscription in 2019; the proportion of subscriptions that were pay-monthly increased by 2pp to 74%.

Television and audio-visual

Live TV viewing continued its downward trend, most sharply among younger groups in 2019. The weekly reach of TV declined from 88.5% in 2018 to 86.3% in 2019. Daily viewing also fell from an average 3 hours 12 minutes per day in 2018 to 3 hours 3 minutes in 2019. People aged 75 and over watched almost six hours daily, falling to 1 hour 9 minutes among those aged 16-24. However, there was a brief reversal in some of these trends in 2020 due to the impact of lockdown.

Total audio-visual revenues were flat at £16.2bn in 2019, with growth in online video advertising and SVoD revenue offsetting declines in pay-TV and TV advertising revenue. Total commercial broadcast revenue in the UK in 2019 was £10.8bn. This was a decline of 4% year on year, with the digital multichannel sector experiencing a steeper revenue decline during 2019. Commercial PSB revenues have also continued to fall in real terms, from £2.6bn in 2015 to £2.2bn in 2019. Of this total, £1.9bn came from advertising in 2019 – down from £2.3bn in 2015 in real terms.

Television advertising revenues fell by 7%, more than the previous year. Television advertising totalled £4.5bn in 2019, down from £4.8bn in 2018. However, the overall advertising market grew by £1.2bn, with the majority of this from the continued growth of online advertising, which increased from £13.9bn to £15.7bn.

Content available on subscription video-on-demand (SVoD) platforms continued to grow, with total hours across the six largest UK platforms reaching 152,304 in 2019, up from 138,986 in 2018. Revenue from SVoD services grew 27% year on year to £1.7bn, accounting for more than half (54%) of online video revenue in the UK.

PSB spend on first-run UK-originated content fell to its lowest value in real terms since 2006, at £2.52bn. This was 2% lower than the previous low of £2.56bn in 2017. Compared to 2017 (the last comparable year in terms of sporting events), the genre mix of spend on UK originations in 2019 was largely unchanged, with factual content comprising slightly over one-fifth of spend, followed by sports and entertainment.

Third-party spend on first-run PSB content has continued to increase, reaching £549m in 2019. This has more than doubled from £269m in 2014, and includes payments from co-productions, deficit financing and high-end TV tax credit relief. Drama continues to be the main genre receiving third-party investment, comprising 68% of third-party spend in 2019.

Total multichannel spend grew slightly over the year to £4.96bn, principally driven by a 15% year-on-year increase in programme spend on film channels.

Radio and audio

The average weekly reach of radio remained fairly steady, declining slightly from 89.4% in Q1 2019 to 88.8% in Q1 2020. Average listening time was 20 hours 12 minutes per week in Q1 2020, but those aged 15-24 listened the least, tuning in for an average of only 12 hours 30 minutes each week.

More than half (58%) of live radio listening hours were digital (DAB, the internet and digital TV), up from 56% a year previously, although continues to vary by region across the UK.

Post

Almost six in ten people (56%) strongly agree that they value the option to be able to use the postal service. However, one-third of people say that they only use post to send greetings cards, and when asked about the services that they use to communicate with friends and family, mobile phone calls, text messages and emails are all considered more important than post.

Post remains essential or fairly important for 69% of people as a method of communication; the same level as instant messaging, although behind email, mobile phone calls and text messages. This varies by age: it is more important to older people than to younger people.

Online

Advertising is the key revenue source for many internet businesses and has grown at a compound growth rate of 20% for the past five years, with the UK online advertising market generating £15.7bn in 2019.

Internet take-up remained unchanged in 2019. The proportion of households with no internet connection at home remains unchanged at 13%. This number is even higher for the 75+ age group, at 43%.

UK internet users on average spend 3 hours 29 minutes using the internet per day. Thirty-nine per cent of the total time spent online by adults in the UK in September 2019 was spent on Google-owned sites (including YouTube) and Facebook-owned sites (including Instagram and WhatsApp).

The interactive data

The Communications Market Report interactive data can be accessed here:

https://www.ofcom.org.uk/research-and-data/multi-sector-research/cmr/cmr-2020/interactive

There are six sections in the report: data covering the communications and media sectors as a whole, television and audio-visual, radio and audio, telecommunications, online and post. Here we explain what you can find in each.

Market in context

This section contains data on:

- Advertising spend across the communication and media sectors
- Device and service take-up and use

Television and audio-visual content

This section contains data on:

- TV broadcaster revenues
- Hours and spend on content for commercial TV broadcasters
- Hours and spend for the public service broadcasters, for network and regional services
- TV viewing, including reach, share, and average minutes per day

Radio and audio content

This section contains data on:

- Radio listening, including reach, share, and time spent listening
- DAB digital radio take-up and share

Telecommunications

This section contains data on:

- Telecommunications data revenues, volumes and market shares
- Average monthly spend data
- Home broadband performance data
- Consumer research from our technology tracker
- Consumer research from our customer satisfaction tracker

Online

This section contains data on:

- UK online revenues by sector, device and business model

- UK consumer use of the largest websites

Post

This section contains data on:

- Consumer research data from our residential postal tracker