Communications Market Report 2022

Publication Date: 18 July 2022

Contents

Section

Overview

The Communications Market Report is an interactive data portal, which allows users 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, Online Nation and Connected Nations reports, where we review and explore specific sectors of the media and communications markets in detail.

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

What we have found – in brief

Changes in use of traditional communications services seen in 2020 have reversed. The growth in landline call volumes and in time spent watching live TV that occurred during the 2020 lockdowns have not been sustained in 2021. The average time spent watching broadcast TV channels fell to three hours per day and was less than 1 hour per day for the 16-24s. Fixed call volumes fell by 14% year-on-year but remained higher than the pre-pandemic levels recorded in 2019.

Revenues across broadcast TV and radio have rebounded following the declines of the previous year. Total audio-visual revenues reached £19bn in 2021. Although revenues increased across all sectors, online audio-visual accounted for most of the growth, increasing from £3.8bn to £5.3bn. Revenues for radio reached £638m, with national advertising driving the increase.

Some changes that were accelerated during periods of lockdown have been maintained. While landline call volumes fell back significantly, the decline in mobile call volumes was much lower, with outgoing calling minutes being 16% higher than in 2019, despite a 2% year-on-year fall.

The demand for data continues to grow. Average monthly data volumes across fixed and mobile connections grew in 2021. The average consumption per data user on mobile increased by 24% to 5.6GB per month. On fixed broadband connections, the average monthly data use increased by 6% to 453GB - this was a slower growth rate than the 36% increase recorded in 2020, when increased consumption was driven by pandemic related lockdowns.

UK adult internet users spent 4 hours each day online. On average, people that use the internet spent an average of 3 hours 59 minutes a day online on smartphones, tablets and PCs.

Radio listening remains high. Among the 90% of the UK population that listen to the radio, an average of 20 hours each week was spent listening to the radio.

Most people consider post to be important. Almost three quarters of people say that they feel that post is essential or important as a channel of communication.

Key findings

Telecoms

The UK telecoms sector generated £31.1bn in revenue in 2021, a year-on-year decline of £1.3bn (4%). Retail fixed and mobile services generated £13.6bn and £12.3bn respectively, with wholesale fixed and mobile services making up the remaining £5.2bn. Mobile services accounted for 47% of total retail revenues in 2021, unchanged from 2020.

There were 27.7 million UK fixed broadband connections at the end of 2021, an increase of 0.4 million (1%) compared to 2020. The number of superfast broadband lines delivering actual download speeds ≥30Mbit/s (including ultrafast and gigabit connections) increased by 1.8 million (13%) to 22.2 million in 2021 and by the end of the year 80% of lines were superfast or faster.

Two-thirds (67%) of broadband connections were provided using fibre technologies at the end of 2021. Fibre-to-the-cabinet (FTTC) connections accounted for the majority (60%) of broadband lines at the end of the year, while the number of full fibre lines increased by 50% to 2 million, making up 7% of all lines.

Total fixed and mobile call volumes fell by 9.5 billion minutes (4%) to 227 billion minutes in 2021. Despite this decrease, total call volumes remained higher than those recorded in 2019 (prior to the Covid-19 pandemic) for both fixed and mobile-originated calls. Eighty-two per cent of call volumes originated on mobile networks during the year, up from 80% in 2020.

The total volume of outgoing calls from fixed lines decreased in 2021, down by 6.4 billion minutes (14%) to 40 billion minutes. This was following a 20% year-on-year increase in 2020, which was largely due to the impact of Covid-19 lockdowns on people's use of communications services.

Total outgoing call volumes from mobile phones decreased by 3.2 billion minutes (2%) to 187 billion minutes during 2021. This compared to an 18% increase in calls from mobiles in 2020, which was driven by growing use of voice communications during the Covid-19 pandemic.

The average number of monthly outgoing call minutes per mobile voice subscription was 196 in 2021, almost double the average number of monthly outgoing call minutes per fixed voice connection (104). Average use per connection fell for both fixed and mobile voice services in 2021, down by 13% and 1% respectively.

Average monthly use of SMS and MMS messages per subscriber continued to decline, down 8 messages per month (16%) to 43 messages in 2021. The main driver of this fall is increasing use of over-the-top (OTT) messaging services such as WhatsApp, iMessage and Facebook Messenger.

The total number of mobile subscriptions increased by 3% to 97.2 million in 2021. This was due to increases in the number of dedicated mobile data and M2M subscriptions (up by 9% and 12% respectively). While the number of post-pay (pay monthly) subscriptions increased by 5% to 75.8 million in 2021, the number of pre-pay (pay-as-you-go) subscriptions continued to fall during the year, down 3% to 21.5 million.

Television and audio-visual

After a pandemic-related uptick in 2020, broadcast TV viewing has returned to its downward trend. The average daily viewing of broadcast television on the TV set (including live and watched within 28 days of broadcast) fell by 20 minutes in 2021, from an average of three hours and nineteen minutes in 2020, to two hours and fifty-nine minutes.

Those aged 16-24 are now watching less than one hour of broadcast TV on average each day. With an average daily viewing time of 53 minutes per day, this is the first time that the average time spent watching live TV by this younger age group has fallen below an hour. The majority of broadcast viewing continues to be accounted for by older age groups.

Total audiovisual revenues increased to £19bn in 2021, up by 16.9% on 2020. Online video advertising and subscription video on demand (SVoD) services (such as Netflix and Disney+) together accounted for 58% of the £2.8bn increase. Commercial broadcast revenues rebounded strongly from the Covid-19-impacted 2020, rising by 10.6% to £11.3bn, which was also 4.5% higher than the 2019 total.

TV and online audiovisual advertising spend surged to £6.2bn, up 39.1% from 2020. Online advertising was the biggest contributor to the growth, increasing by just over £1bn, but advertising on commercial PSB and multichannel TV channels generated its highest revenue total since 2017, rising by 22.2% year-on-year to £3.8bn.

PSB spend on first-run UK originated content returned to pre-pandemic levels in 2021, reaching its highest level in real terms since 2010. Spend on new UK content by PSBs increased to £2.6bn in 2021 from £2.1bn in 2020. This increased spending reflects the ongoing recovery of production following pandemic restrictions, with spend up year-on-year for most genres – particularly those most affected such as sports and soaps, but also factual entertainment and comedy. Only specialist factual (-20.8%) religion & ethics (-17.4%), drama (-6.7%) and arts & classical music (-6.9%) saw year-on-year declines in 2021.

Hours of first-run UK originated content across the PSBs increased by 1,826 hours to 31,627 hours in 2021, bringing output back in-line with pre-2020 levels. The majority of this increase was driven by sports which saw a year-on-year increase of 78.8%, reflective of the return of major sporting events in 2021 such as the Euros and the Tokyo Olympics.

Third party spend on first-run UK originated PSB content remained broadly unchanged on 2020, up 0.2% to £483m. However, as a proportion of total PSB investment in first-run originated UK content, third-party contributions (e.g. when SVoD services or international broadcasters co-fund productions) reduced for the first time since 2016, to 16%. Drama continues to attract the most of this investment, comprising 59% of third party spend in 2021, although this was a lower proportion of spend compared to previous years.

The total spend of multichannels (such as Sky and UKTV) on programming returned to pre-pandemic levels in 2021, rising by 8% year-on-year to £4.8bn. Spending was still down compared to 2019, though, at 4% lower than that year's total of just under £5bn.

SVoD services such as Netflix, Amazon Prime Video and Disney+ generated £2.7bn in revenue in 2021, up by 27% compared to 2020. This represented just over half (51%) of total online video revenue, which increased by 39% to £5.3bn, with advertising accounting for 44% of the total and digital transactional 17%.

Radio

Total commercial radio revenues grew by 20% in 2021 reaching £638m. National and local spot advertising both grew (up by 22%). Broadcasters have suggested to us conditions in local advertising markets have varied across the UK, with some areas seeing more of a recovery than others. Sponsorship and other relevant turnover (such as income from competitions) grew by 27% and 8% respectively.

Almost nine of ten of UK adults listen to live radio each week. On average, a listener will tune in for around 20 hours each week. BBC Radio stations account for just under half of all live listening hours.

Smart speakers accounted for 10% of total radio listening hours in Q1 2022. Digital methods of listening to radio account for the majority of listening, with 40% of listening occurring through DAB radio sets.

Post

Almost three quarters of people (73%) consider post to be essential or fairly important as a channel of communication. This is higher among people in Wales compared to Northern Ireland and Scotland. In relation to sending and receiving letters and parcels, four in ten (41%) of people sent fewer than 3 items of post in the past month, including 16% who sent no items at all. Three in ten (31%) had received fewer than three items of post in the past week. One fifth of people had received no letter post in the past week, rising to 25% among the 16-24s.

Online

Advertising contributed 68% of estimated total UK online revenues in 2021. UK online sector revenues grew in 2021, following record growth in 2020. The growth of sectoral revenues in 2021 was helped by increased consumer adoption and use during lockdown. Advertising, subscriptions and transactions are the main online revenue streams, and each grew in 2021.

UK search market revenues increased by £3.2bn (38%) in 2021. Alphabet, the largest company in this segment, reported its global search revenue growth was 43% in 2021.With an online retail spend of £1,940 per head, the UK has the world’s highest spend per shopper.

UK adult internet users spent an average of 3 hours 59 minutes a day online. Eighteen per cent of measured time spent online by UK adults in September 2021 was on Meta-owned apps and sites (which include Facebook, Instagram and WhatsApp), and 14% was on Alphabet-owned apps and sites (which include Google and YouTube).

In 2021, 20% of British adults said they played free-to-play games at least monthly. Candy Crush Saga, the free-to-play puzzle video game released in April 2012, is the top-reaching games app on mobile devices in the UK.

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

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. Below we set out what can be found in each section.

Market in context

This section contains data on:

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

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, average minutes per day, and viewing to sports

Radio and audio content

This section contains data on:

- Radio broadcaster revenues
- Radio listening
- Community radio revenues and expenditure

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 and business model
- UK consumers' use of the largest websites

Post

This section contains data on:

- Post volumes and revenues
- Consumer research data from our residential postal tracker