making communications work
for everyone

Communications Market Report 2023

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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 television and radio audience data from 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

Decreases in the use of traditional communications services seen in 2021 have continued. Following the growth in landline call volumes and in time spent broadcast TV viewing that occurred during the 2020 lockdowns, the declines that occurred in 2021 have persisted in 2022. The average time spent watching broadcast TV channels fell to 2 hours and 38 minutes per day and was just 39 minutes per day for 16-24 year-olds. Outgoing calls from landlines fell by 20% year on year and are now lower than the pre-pandemic levels recorded in 2019.

The demand for data across fixed and mobile connections continues to grow. The average consumption per data user on mobile increased by 24% in 2022 to 8.0 GB per month. On fixed broadband connections, the average monthly data use increased by 6% to 482 GB.

Growth in the use of data has been facilitated by increases in take-up of faster broadband connections. The number of full fibre lines increased by 52% to 3.1 million during 2022, contributing to the total number of superfast broadband lines (delivering actual download speeds of 30 Mbit/s or higher) reaching 26.9 million as consumers continued to upgrade from standard broadband services. There are now more full fibre lines than ADSL lines.

Online video revenues increased in 2022 but broadcaster revenues declined. Total audio-visual revenues reached £20bn in 2022, up by 5.3% driven by revenue increases for subscription video-on-demand services and online video advertising. Revenues for commercial radio reached £656m, with local advertising and sponsorship driving the increase. Commercial broadcast TV revenues fell by 1.8% to £11.1bn.

Almost nine in ten (88%) of adults listen to the radio every week. They tune in for an average of 20 hours each week.

Ninety-three per cent of adults have internet access at home. Access is lower in the DE socio-economic group (83%) and among over-75s (70%).

Nine in ten people (91%) say they have received an item of post in the last week. 69% 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 £31.8bn in revenue in 2022, a year-on-year decline of £1.5bn (5%). Retail fixed and mobile services generated £14.0bn and £12.9bn respectively, with wholesale fixed and mobile services making up the remaining £4.9bn. Mobile services accounted for 48% of total retail revenues in 2022, an increase of 1.4 percentage points from 2021.

There were 28.0 million UK fixed broadband connections at the end of 2022, an increase of 0.2 million (0.7%) compared to 2021. The total number of superfast broadband lines delivering actual download speeds of 30Mbit/s or higher (including ultrafast and gigabit connections) increased by 1.1 million (5%) to 23.4 million in 2022 and by the end of the year 83% of lines were superfast or faster.

Seventy per cent of broadband connections were provided using fibre technologies at the end of 2022. The number of fibre-to-the-cabinet (FTTC) connections fell for the first time in 2022 (down by 0.1 million to 16.6 million) while the number of full fibre lines increased by 52% to 3.1 million during the year, and at the end of 2022 there were more full fibre lines than ADSL lines.

Total fixed and mobile call volumes fell by 24.5 billion minutes (11%) to 202 billion minutes in 2022. Despite this decrease, total call volumes remained slightly higher than those recorded in 2019 (prior to the Covid-19 pandemic). Eighty-four per cent of call volumes originated on mobile networks in 2022, up from 82% in 2021.

The total volume of outgoing calls from fixed lines decreased in 2022, down by 8.2 billion minutes (20%) to 32 billion minutes.

Total outgoing call volumes from mobile phones decreased by 16.4 billion minutes (9%) to 170 billion minutes during 2022. This compared to a 20% fall in calls from fixed lines, down by 8.2 billion minutes to 32 billion minutes.

The average number of monthly outgoing call minutes per mobile voice subscription was 176 in 2022, more than double the average number of monthly outgoing call minutes per fixed voice connection. Average use fell for both fixed and mobile voice connections in 2022, down by 17% and 10% respectively.

Average monthly use of SMS and MMS messages per subscriber continued to decline, down 5 messages per month (12%) to 38 messages in 2022. The main driver of this fall is increasing use of over-the-top (OTT) messaging services such as WhatsApp, iMessage and Facebook Messenger.

Average data volumes per mobile phone data user increased by 1.6GB to 8.1GB per month in 2022. This represented a slightly higher percentage growth than the 23% increase in 2021.

The total number of mobile subscriptions increased by 3% to 111.8 million in 2022. This was due to increases in the number of subscriptions for all connection types, with the largest increase (1.6 million, or 7%) being for Machine-to-Machine (M2M) subscriptions.

The number of pre-pay mobile subscriptions increased for the first time in over a decade. The 0.9 million increase to 22.4 million in 2022 was due to growing take-up of hybrid pre-pay tariffs where the customer pays for a bundle of inclusive calls, texts and data which expires after a month. The total number of post-pay subscriptions increased by 2.5 million (3%) to 89.4 million in 2022**.**

Television and audio-visual

Broadcast TV viewing continued its downward trend, across almost all age groups in 2022. The average daily viewing of broadcast television on the TV set (including live and watched within 28 days of broadcast) fell by 21 minutes in 2022, from an average 2 hours and 59 minutes in 2021, to 2 hours and 38 minutes.

Those aged 16-24 are now watching just 39 minutes of broadcast TV on average each day, from 53 minutes the previous year. The majority of broadcast viewing continues to be accounted for by older age groups with those aged 75+ now watching just under 5 and a half hours of broadcast TV on average each day, although this was 21 minutes lower than in 2021.

Total audiovisual revenues increased to £20bn in 2022, up by 5.3% on 2021. The increase was driven by subscription video-on-demand (SVoD) services (such as Netflix and Disney+), which accounted for 16% of total revenues (£3.3bn), and online video advertising, which accounted for 13% (£2.7bn). Combined revenues for commercial PSBs, digital multichannels and pay-TV platform operators declined by 1.8% to £11.1bn, though this was 2.6% higher than in 2019, the last pre-pandemic year.

TV and online audiovisual advertising revenue increased to £6.4bn, with growth of 3.1% in 2022 significantly lower than the 39% achieved the previous year. The growth was driven by a £341m increase in online video advertising and, to a much lesser extent, a £12m increase in advertising on multichannel TV. Commercial PSB channels' combined advertising revenue (including from their portfolio channels) declined by £165m, down 5.9% year on year.

PSB spend on first-run UK originated content totalled £2.9bn, up 10.3% year on year and 14.2% compared to 2019. This reflected a higher level of output but also increased costs, including lingering Covid-related production protocol costs and inflationary pressure affecting production-related expenses. Growth in spend was driven by an annual increase by each of the five main PSB channels apart from BBC One – which had a marginal decline (-0.7%) following a significant increase in 2021 – and also by the BBC portfolio of channels (+73%), with spend on these boosted by the relaunch of BBC Three as a linear channel.

Hours of first-run UK originated content across the PSBs increased by 1,086 in 2022 to 32,712, the highest total since 2016. This was partly because some programming, delayed by Covid-19, aired later than originally planned. Sports programming reached its highest volume over the past decade, at 3,367 hours, or 10% of total first-run originated hours on PSB channels. Drama (407 hours) reached its highest level since 2016, with spend on the genre up 47% year on year and 16.6% higher than in 2019. Factual entertainment also saw a notable increase – output has been consistently rising, with the 1,749 hours in 2022 the highest in a decade, up 57% compared to 2019.

Third-party spend on first-run UK originated PSB content reached its highest annual total, at £680m. This comes from sources such as co-productions with other commissioners, government high-end TV tax credit, deficit financing and advances from independent producers. The 2022 figure was up 41% year on year and represented 19% of total PSB origination spend, up from 9% in 2014. The increase was almost entirely driven by drama, which accounted for 69% of total third-party investment. An increase in spend on children's programming made it the second-largest contributor to third-party spend, accounting for 10% of it, marginally ahead of factual.

Total programming spend on multichannels (such as Sky and UKTV) across key genres declined by 5% in 2022 to £4.5bn. As a result, spend remains below the 2019 level, when it was close to £5bn. There were declines for all the key genres except news – new market entrants have contributed to multichannel news programming spend reaching its highest levels, at £189m in 2022, up 42% on the previous high of £134m in 2021.

SVoD services such as Netflix, Amazon Prime Video and Disney+ generated £3.3bn in revenue in 2021, up by 21.5% year on year. This represented just over half (52%) of total online video revenue, which increased by 17.8% to £6.2bn, with advertising accounting for 43% of the total and digital transactional 5%.

Radio

Almost nine in ten (88%) of UK adults listen to live radio each week. On average, a listener will tune in for around 20 hours each week. Commercial radio stations have increased their share of hours and their reach over the past year, now accounting for just over half of live listening hours (51.4%).

Radio listening continues to shift towards online, with smart speakers and internet listening now accounting for a quarter of all time spent listening to live radio (14% and 10.5% respectively). AM/FM's share has decreased from just under half (49.1%) to less than a third (32.4%) in the last five years, while DAB's share has only decreased by three percentage points in the same period.

Total commercial radio revenues grew by 3% in 2022 reaching £656m. National advertising fell by 3% in part reflecting declines in government communications expenditure following the ending of pandemic restrictions. In contrast, local spot advertising grew by 5% as local advertising markets recovered following the pandemic. Sponsorship and other relevant turnover (such as income from competitions) grew by 16% and 3% respectively.

Online

93% of people in the UK had home internet access in 2022, up from 87% in 2019 as during the pandemic more households got online. However, only 83% of those in the lowest DE socio-economic group had home internet access (up from 70% in 2019). Over-75s remain much less likely to have home internet access (70% in 2022) although take-up has grown considerably since 2019 (52%).

Three quarters (76%) of 13+ internet users say they have visited YouTube in the last 4 weeks, ahead of Facebook (69%). The most commonly used sites by teenagers that include user-generated videos are YouTube (90%), Instagram (70%), TikTok (66%) and Snapchat (58%), while the most commonly used site among over-55 internet users is Facebook (66%).

(Updated online data will be added alongside the publication of Online Nation in the Autumn.)

Post

Eight in ten adults (79%) say they have sent an item of post in the last month and almost half

(48%) say they have sent fewer than three items of post in the past month. Nine in ten (91%) say they have received an item in the post in the last week.

More than two thirds of people (69%) consider post to be essential or fairly important as a channel of communication. Those aged 55+ are more likely to say that post is important to them (73%) as are those who are housebound (77%).

(New data on postal volumes and revenues will be added in the Autumn.)

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

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 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 consumers' use of the largest video-sharing apps and sites
- Online experiences tracker

Post

This section contains data on:

- Consumer research data from our residential postal tracker
- Post volumes and revenues (to be updated in Autumn 2023)