

Communications Consumer Panel response to BEREC's consultation on Broadband Promotion

Introduction

The Communications Consumer Panel welcomes the opportunity to contribute to BEREC's review of broadband promotion.

The Communications Consumer Panel¹ is an independent group of experts established under the Communications Act 2003. Its role is to provide advice to Ofcom to ensure that the interests of consumers, including small businesses, are central to regulatory decisions. The Panel also provides advice to Government and champions consumers' communications interests with industry. The Panel has members representing the interests of consumers in Scotland, Wales, Northern Ireland and England.

In this response we address levels of take-up in the UK, the Panel's work on a consumer framework for digital participation and communications services for the future.

Summary of recommendations

Given the findings and experience that we set out in our submission below, we would make the following overall comments on BEREC's recommendations to promote broadband adoption:

- The Panel believes that everyone should have access to broadband so that consumers in all parts of the UK can carry out essential online activities in a reliable and consistent way;
- A robust broadband infrastructure must be inclusive and aim to maximise digital participation;

¹ <http://www.communicationsconsumerpanel.org.uk/>

- People who are currently offline need to be convinced of the benefits of going online and be able to gain the necessary skills; and
- Effective mobile coverage is essential for the growth of rural communities and businesses.

Broadband availability

The Panel believes that everyone should have access to broadband so that consumers in all parts of the UK can carry out essential online activities in a reliable and consistent way. The UK Government's aim for 90% of UK homes and businesses to have access to super-fast broadband by 2015 and the commitment to ensure that virtually all homes will have access to a minimum level of service of 2Mbps by the same date provide a sound framework for progress. However, in order to benefit from these advances, people who are currently offline need to be convinced of the benefits of going online and be able to gain the necessary skills.

The Panel was also clear that there were a number of important safeguards required if the Universal Service Commitment is to be implemented in a way that meets the needs of consumers. The Panel therefore developed a set of principles to guide implementation. The Panel's principles are as follows:

1. The Universal Service Commitment should enable consumers to carry out the online activities that they consider to be essential or will soon.
2. The Government should define the Commitment in a way that ensures quality and reliability of service.
3. The Government should help consumers to do what they can themselves to optimise their broadband connections.
4. The Universal Service Commitment should benefit people in all parts of the UK, using different types of broadband connection where necessary.
5. The Government should be proactive in identifying the parts of the UK that would benefit from the Commitment.
6. Consumers who benefit from the Commitment should have a choice of service providers.
7. The Government should ensure that the Commitment keeps pace with consumer demands over the years ahead.
8. The Government should deliver the Commitment using next-generation broadband where practicable.

The Panel has emphasised the need for the implementation of the Universal Broadband Commitment to:

- be in line with consumer needs, as set out in the Panel’s principles;
- be equitable across the nations; and
- be future-proofed so that consumers are not left behind.

Ofcom published information relating to coverage and speeds of broadband services in July 2011². The key metrics are summarised in the table below.

Figure 4 - National broadband measures

	Average modem sync speed (Mbit/s)	Receiving less than 2Mbit/s (of UK households)	Superfast availability (of UK households)
England	7.6	14%	61%
Scotland	7.6	13%	41%
Northern Ireland	6.3	23%	97%
Wales	6.5	19%	31%
Total UK	7.5	14%	58%

Source: Ofcom / operators

The information in Figure 4 is based on data collected from the UK’s broadband infrastructure providers (BT Openreach, Virgin Media and Kingston Communications and the largest retail ISPs) about modem synchronization speeds - and as such, represents the line capabilities, or maximum speeds which consumers are able to receive. In Ofcom’s research on actual broadband speeds published in July 2011 (and based on data collected in May 2011), the actual average broadband speed experienced by consumers in the UK was 6.8Mbit/s.³

Broadband take up

A robust broadband infrastructure must be inclusive and aim to maximise digital participation. It must ensure that disadvantaged groups can access and utilise digital communications, particularly as more and more public services migrate online.

² <http://maps.ofcom.org.uk/broadband/downloads/ofcom-uk-broadband-speed-report-2011.pdf>

³ <http://stakeholders.ofcom.org.uk/binaries/research/telecoms-research/bbspeeds2011/bb-speeds-may2011.pdf>

The latest *Communications Market Report* (CMR) data from Ofcom⁴ show that compared to 2010, broadband take-up across the UK has increased from 71% to 74%. Latest data⁵ shows UK take-up at 76% (October - December 2011 fieldwork). However, The CMR highlights that there are significant variations in levels of take up across the UK - 61% of Scottish homes have broadband access (either fixed or mobile), compared to 71% in Wales and 75% in Northern Ireland. England, Wales and Northern Ireland all showed year-on-year increases, but broadband take-up in Scotland has not grown since Quarter 1 2009. This situation is amplified in particular areas where broadband take-up is lower than in the general population e.g. Glasgow, where take-up lies at 50%.

Broadband take-up is not evenly distributed throughout the population. Looking at groups that have lower levels of broadband take up across the UK:

- Of the over-55s, 55% have broadband at home in the UK
- Among DE socio-economic groups across the UK, 55% have broadband at home
- Of households with incomes less than £17.5k per annum, 52% in the UK have broadband at home

The Panel's concern therefore focuses not so much on issues of availability, which are nonetheless important, but rather on take-up. These lower levels of broadband take-up mean that people are at an increased risk of exclusion from the social and economic benefits of being online, particularly as more public services are put online.

Take-up of super-fast services remains low

The CMR notes that despite the growth in availability of super-fast services and the range of services that are available, it is estimated that only around 2% of residential and SME UK broadband connections had a headline speed over 24Mbit/s at the end of March 2011 (although this was more than five times the figure for a year previously).

⁴ Communications Market Report, Ofcom 2011 <http://stakeholders.ofcom.org.uk/market-data-research/market-data/communications-market-reports/cmr11>

⁵

http://stakeholders.ofcom.org.uk/binaries/research/statistics/2012jan/Ofcom_Technology_Tracker_Wa3.pdf

Mobile broadband access

The CMR reports that the proportion of UK households relying on mobile as their only means of voice telephony was 15% in Q1 2011. One percent of households have neither fixed nor mobile telephony.

Ofcom's recent *Infrastructure Report*⁶ states that the use of mobile networks for data is increasing, driven by the take-up of mobile broadband 'dongles' and smartphones. It reports that there are now 33m subscriptions to 3G services and 7% of homes in the UK rely solely on mobile broadband services (rather than a fixed line). The CMR notes that of the 17% of households that had a mobile broadband connection in Q1 2011, the majority (10% of all households) also had a fixed-line broadband connection.

Recent Ofcom data⁷ shows that 40 per cent of UK adults now own a smartphone. Some 34% of UK adults use their mobile phones for internet access. The CMR found that a third of smartphone users agreed that their smartphone was more important to them for accessing the internet than any other device, with the proportion rising for younger users.

According to Ofcom's media literacy research⁸, only 2% of adults in the UK who go online only access the internet by a means that is not a PC/laptop at home. Therefore, the majority of mobile internet usage is complementary to home access rather than replacing it.

Take-up of mobile broadband lies at 17% in the UK overall - although again there are significant variations across the UK.

People who remain offline at home

The CMR found that 20% of adults in the UK say that they do not use the internet in any location.

⁶ <http://stakeholders.ofcom.org.uk/binaries/research/telecoms-research/bbspeeds2011/infrastructure-report.pdf>

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http://stakeholders.ofcom.org.uk/binaries/research/statistics/2012jan/Ofcom_Technology_Tracker_Wa3.pdf

⁸ <http://www.ofcom.org.uk/static/stats/MLAudit2010Adult.pdf>

While costs are undoubtedly a barrier to take up for some, the most frequently stated reason related to a lack of perceived need. The table below examines the main reasons given by people in the UK who said they would not get the internet at home in the next 12 months.

	UK - % of those not intending to get the internet in the next 12 months.
No need	29%
Too old to use the internet	15%
Don't want a computer	15%
Don't know how to use computers/the internet	14%
Too expensive to set up	7%
Computer is too expensive to buy	3%
Friends/family member checks internet for me	3%
Charges are too expensive	2%
Worried/concerns about privacy issues	2%
Satisfied using the internet elsewhere	1%

What consumers say they need to get online

The Communications Consumer Panel has developed a *Consumer Framework for Digital Participation*⁹ that specifically addresses the issue of what consumers themselves have said they need to get them online.

Targeted at governments and industry, the framework brings together all the different elements that are needed to provide the help and support that is right

⁹ <http://www.communicationsconsumerpanel.org.uk/smartweb/digital-participation/the-consumer-framework-for-digital-participation>

for people to get online and get the most benefit from the internet. It is intended to be used to identify the gaps and overlaps in provision, target new provision and can be used to assess progress.

Consumer Framework for Digital Participation



In an update to this work, the Panel has recently commissioned a research project to understand how people in low digital participation groups across the UK can get the most out of being online and how they might increase their breadth of usage. The study will also examine whether there are key barriers to digital participation amongst people offline in an area of extreme deprivation (other than financial deprivation). Fieldwork for this element will take place in Glasgow. The Panel would be pleased to share the results of this work with BEREC in Spring this year .

Decision making

Enabling consumers to make an informed choice between the packages offered by different providers encourages competition and investment. Consumers can make

such informed choices only if they can easily compare the different packages and providers. However, as noted in the Panel's response to BEREC's draft guidelines on Net Neutrality and Transparency¹⁰, the Panel does have a concern that greater transparency is too often seen as a panacea to meet all kinds of consumer concerns. Whilst transparency is very important, there are a number of limitations to transparency for both consumers and citizens. Transparency relies on consumers being able to access, understand and compare information about traffic management, weigh it up against other information relevant to their purchasing decision and potentially switch their communications provider. If successful, transparency (although not by itself) facilitates individual consumer choice. However, the aggregate of individual choices, while possibly appropriate for each individual concerned, may not result in outcomes that are beneficial for society as a whole. We await with interest the results of the BEREC traffic management investigation outlined in the 2012 Work Programme which will inform whether any further action is required.

It is important that research is carried out to examine the way consumers and citizens make decisions about broadband services and the extent to which they understand the information provided to them about such services. It is important that policy makers take into account the way consumers make decisions and use information about broadband generally, to ensure that any remedies are useful to people in the round. In considering how best to present information to consumers, policy makers should bear in mind that consumers need clear explanations about the content and services they will - or will not - be able to access and when. Small businesses are also likely to experience many of the same issues as consumers.

It is also helpful if, as suggested by the draft guidelines, it can be agreed that the terminology to be used by all providers will be consistent. This is essential if consumers are to be able to easily comprehend and identify relevant information. Frequently used terms by providers include both "network management" and "traffic management" to describe the same thing.

The Panel has also expressed concern about the advertising of broadband speeds. New advertising rules¹¹ were issued in September relating to broadband speed claims and the use of "unlimited" claims in telecoms advertising with a two-fold

¹⁰ <http://www.communicationsconsumerpanel.org.uk/BEREC%20response.pdf>

¹¹ <http://bcap.org.uk/Media-Centre/2011/Changes-in-advertising-of-'unlimited'-and-broadband-speed-claims.aspx>

aim; to help advertisers comply with UK Advertising Codes, and to protect consumers from misleading claims. The Panel will continue to monitor developments in this area closely.

Communications services for the future

The Communications Consumer Panel is campaigning for major improvements to mobile and broadband services. The Panel argues that effective mobile coverage is essential for the growth of rural communities and businesses. The Panel has been concerned for some time about poor or non-existent coverage creating significant problems for small businesses, as well as people living in not-spots, the people passing through them and passengers on the rail and London tube networks.

To tackle the problem, last year in response to Ofcom's consultation on the 4G mobile spectrum auction, the Panel asked Ofcom to consider setting coverage obligations for each of the UK nations and some English regions, or for money to be retained from the spectrum auction and a reverse auction run to upgrade rural coverage. Earlier this month Ofcom set out a number of new proposals for making 4G mobile spectrum available in the UK. This includes introducing new measures expected to extend coverage to at least 98% of the UK population (coverage obligations relate to indoor coverage by population). The Panel also welcomes the Chancellor's recent pledge to inject up to £150m of new funding into extending mobile coverage, but waits to see the detail of how the intervention will work. Depending on the extent of this first intervention, it may still be necessary to use some of the money raised by the 4G spectrum auction in order to raise mobile coverage in the UK to a level that satisfies the reasonable aspirations of citizens and communities.

Research from the Communications Consumer Panel found that consumers and small businesses in the UK have persistent problems making even basic voice calls. Over half of consumers questioned (56%) had difficulty with mobile coverage - 33% on a regular basis¹². Almost all small business¹³ respondents in the UK overall (91%) had experienced problems with reception, over a third of them (34%) regularly.

¹² http://www.communicationsconsumerpanel.org.uk/Mobile_coverage_consumer_perspective.pdf

¹³

http://www.communicationsconsumerpanel.org.uk/Mobile_coverage_small_business_perspective.pdf

Conclusion

In summary, the Panel would highlight that:

- The Panel believes that everyone should have access to broadband so that consumers in all parts of the UK can carry out essential online activities in a reliable and consistent way;
- The Panel was also clear that there were a number of important safeguards required if the Universal Broadband Commitment is to be implemented in a way that meets the needs of consumers;
- A robust broadband infrastructure must be inclusive and aim to maximise digital participation;
- 76% of UK homes have broadband access (either fixed or mobile);
- This situation is more severe in certain areas e.g. Glasgow and among certain demographic groups - those over 55 year-olds, those in DE households and in low-income households;
- The vast majority of mobile internet access is complementary to PC/laptop access rather than replacing it;
- 20% of UK adults say they do not use the internet at all;
- The most frequent need for not getting the internet at home relates to a perceived lack of need;
- People who are currently offline need to be convinced of the benefits of going online and be able to gain the necessary skills;
- The Panel has developed a *Consumer Framework for Digital Participation*¹⁴ that brings together all the different elements that are needed to provide the help and support that is right for people to get online and get the most benefit from the internet;
- The Panel's latest research will look at how people in low digital participation groups across the UK can get the most out of being online and how they might increase their breadth of usage. This will specifically look at the issue of low uptake in Glasgow.
- Enabling consumers to make an informed choice between the packages offered by different providers encourages competition and investment.

¹⁴ <http://www.communicationsconsumerpanel.org.uk/smartweb/digital-participation/the-consumer-framework-for-digital-participation>

Consumers can make such informed choices only if they can easily compare the different packages and providers. However, the Panel does have a concern that greater transparency is too often seen as a panacea to meet all kinds of consumer concerns.

- Effective mobile coverage is essential for the growth of rural communities and businesses; and
- In the Panel's research, 56% of UK consumers had difficulty with mobile coverage - 33% on a regular basis. This could be a deterrent to greater broadband take up and use.