

## DigiTAG Web Letter, February 2005

*DigiTAG seeks to inform members and non-members about important developments in the digital terrestrial television market. Each month, DigiTAG distributes its web letter with news updates and information on upcoming DigiTAG activities. This month, we examine digital terrestrial television in the United Kingdom.*

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### DTT in the United Kingdom

The Christmas holidays proved to be a windfall for the free-to-air digital terrestrial television (DTT) platform in the United Kingdom. The most recent sales figures suggest that 1.5 million Freeview set-top boxes were sold in this period, bringing the total number of Freeview homes to 5 million. This may make Freeview the fastest-growing digital television platform in the world.

The set-top box figures compare favourably with last year. Whereas 140,000 set-top boxes were sold each week before Christmas 2003, 190,000 set-top boxes were sold each week before Christmas 2004 (1). The Freeview phenomena has taken-off.

Launched in October 2002 following the collapse of ITV Digital, Freeview is a joint venture between the BBC, BSkyB and the transmission company Crown Castle. It allows viewers access to 30 free channels with the purchase of a set-top box or digital television (2).

Since April 2004, viewers can access 10 additional programme services with a subscription to pay-DTT operator Top Up TV (3). While official figures have not yet been released, New Media Markets reports that Top Up TV had 160,000 subscribers by mid-December and adding new subscribers at a rate of 2,000 per day (4). Top Up TV announced a "huge increase" in the volume of orders for a new Fusion Digital Technology set-top box that allows viewers to access Top Up TV services, thus implying that the demand for its services is high (5).

Broadcasters are clambering to launch their services on the Freeview platform. Crown Castle has made a new television programme service slot available that could be ready for broadcast as early as 1 April. Sealed bids are expected this week and it is estimated that broadcasters may offer between £3-5 million (€4.5-7.5 million) for the slot. Considering that programme service slots were sold for around £1 million when Freeview launched in 2002, the value of Freeview real-estate has clearly increased (6).

### DTT News Round-up

For all articles, please go to [DigiTAG News](#)

#### France - 60% of population aware of DTT

According to a survey conducted by Médiamétrie, 6 out of 10 adults are aware of DTT. Awareness is higher among men than women (67.4% compared to 52.6%).

Age also has an impact on DTT awareness: 51.5% of those under 35 years are aware, compared with 55.8% of 35-49 years, 63.3% of 50-64 years and 65.4% of those in the over 65 years age group.

Source: [ITRNews.com](#)

#### Italy - RTD launches new programme services

Reti Televisive Digitali (RTD) officially launched two new digital terrestrial television (DTT) channels and new MHP interactive TV (iTV) applications and services. They are based on the DigiHost platform from Irish iTV software company DigiSoft.TV.

RTD provides 24-hour coverage to an area of Italy from Lombardy to Milan, Como, Varese and Pavia, with a population in excess of five

Already, broadcasting on the Freeview platform have proven successful. Ideal Shopping Direct, a home shopping channel, stated that its sales had increased by more than 50% during the second half of 2004 compared to the same period in 2003. It attributes this increase to the launch of Ideal World on the Freeview platform in April 2004 (7).

And, according to IMS Research, Freeview is one of the top 10 digital television operators worldwide based upon the total number of subscribers (8). This demonstrates that Freeview - and thus DTT - is able to compete against satellite and cable operators.

Satellite operator BSkyB may begin to view Freeview as a growing potential threat. The digital television updates issued by Ofcom, the British regulatory authority, showed that during the quarter ending on 30 September 2004, Sky signed on 53,000 new subscribers whereas 562,900 viewers purchased a Freeview boxes. While a quarter of all set-top boxes are currently sold to homes that already have access digital television, nonetheless, the growth rate for Freeview is very high (9). And some industry experts predict that Freeview will overtake Sky by Christmas 2005 (10).

In order to compete with Freeview, Sky has proven to be creative. It has broadcast one episode of the hit drama series 24 on its Freeview channel, Sky Travel, in an attempt to lure Freeview viewers to subscribe to the satellite platform (11). And, BSkyB has announced its plans to launch its own free-to-air digital service on satellite which it has tentatively named FreeSat. With the purchase of a satellite receiver, set-top box and viewing card, viewers can have access to around 200 radio and television programme services for a one-off payment of £150 (12). However, it remains unclear for how long BSkyB will make the viewing cards available. At this stage, the access has only been promised for the next 2 years.

The competition between the digital satellite, terrestrial and cable operators is healthy for the growth of digital television in the United Kingdom. By offering more choice and competitive prices, viewers are being tempted to switch to digital television. Already, 55% of the British population access digital television. This means that the government can begin concrete plans to switch-off the terrestrial analogue signal.

However, before analogue switch-off is possible, several issues will need to be resolved.

Socially isolated people will need help in making practical changes to adopt digital television. The Ofcom Consumer Panel has made several recommendations including the allocation of financial assistance to those eligible for television licence fee exemptions and the launch of an effective public information campaign (13).

Manufacturers have expressed their dissatisfaction with the current Freeview marketing. The managing director of Sony UK, Steve Dowdle, has warned against broadcaster promotion of set-top boxes rather than a more neutral message which would also include digital televisions (IDTVs). Analogue television sets are currently outselling IDTVs by 20 to 1. In the first 8 months of 2004, 5.4 million analogue television sets had been sold compared with 2.5 million set-top boxes and 270,000 IDTVs (14). This compounds the issue of digital

million people.

Source: [DigiSoft.tv website](http://DigiSoft.tv)

### **Strong DTT support by European public broadcasters**

Public television groups from Spain (RTVE), Italy (RAI), UK (BBC), Germany (ARD and ZDF) and France (France Television) have pledged to develop digital terrestrial television throughout Europe.

In a meeting in Madrid, top executives gave their support to DTT and committed themselves to be the driving force behind its massive introduction in the market. The broadcasters also gave their support to RTVE at a time when a new public TV model is being drawn up by a Government-appointed group of experts. The conclusions of the report are expected in the next few weeks.

Source: [advanced-television.com](http://advanced-television.com)

### **MPEG LA issues revised license for DVB-T**

MPEG LA announced that it has issued a revised DVB-T Patent Portfolio License. The new License will provide uninterrupted coverage to current Licensees and coverage to new Licensees under patents that are essential to the DVB-T Standard (ETSI document ETS300744).

The revised License has been restructured to be more convenient to licensees in selecting the coverage they want for their DVB-T receivers. Under the revised License, a licensee

switch-over since the number of analogue television sets to be converted continues to increase.

As the adoption level of digital television continues to grow, the decision to launch a free-to-air digital terrestrial television service has proven successful. And other countries, such as France and Italy, have looked to the United Kingdom as a model when launching their DTT services.

(1) [http://news.bbc.co.uk/1/hi/entertainment/tv\\_and\\_radio/4183633.stm](http://news.bbc.co.uk/1/hi/entertainment/tv_and_radio/4183633.stm)

(2) <http://www.freeview.co.uk/>

(3) <http://www.topuptv.com/index.htm>

(4) <http://www.idtv.co.uk/ShowNews.php?NewsID=214>

(5) <http://www.fusiondigitec.com/press/PR/Fusion%20and%20Top-Up.htm>

(6) <http://uk.news.yahoo.com/050127/325/fb6q7.html>

(7) <http://www.idealworld.tv/csp/isd/ideal/website/IdealMarketNewspdf.pdf>

(8) [http://www.advanced-television.com/2004/news\\_archive\\_2004/Dec13\\_Dec17.htm#freeview](http://www.advanced-television.com/2004/news_archive_2004/Dec13_Dec17.htm#freeview)

(9) 432,320 estimated new Freeview households during Q3 2004. See: [http://www.ofcom.org.uk/research/industry\\_market\\_research/m\\_i\\_index/dtvu/dtu\\_2004\\_q3/dtu\\_2004\\_q3.pdf](http://www.ofcom.org.uk/research/industry_market_research/m_i_index/dtvu/dtu_2004_q3/dtu_2004_q3.pdf)

(10) [http://www.advanced-television.com/2004/news\\_archive\\_2004/Nov15\\_19.htm#freeviewf](http://www.advanced-television.com/2004/news_archive_2004/Nov15_19.htm#freeviewf)

(11) [http://news.bbc.co.uk/1/hi/entertainment/tv\\_and\\_radio/4183633.stm](http://news.bbc.co.uk/1/hi/entertainment/tv_and_radio/4183633.stm)

(12) <http://www.freesatfromsky.co.uk/?pID=1>

(13) <http://www.ofcomconsumerpanel.org.uk/dso.htm>

(14) <http://www.mediaweek.co.uk/articles/2004/11/westminster-sony>

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### About DigiTAG

DigiTAG aims to encourage and facilitate the implementation and introduction of digital terrestrial television services using the Digital Video Broadcasting Project's Standard (DVB-T). It has some 60 members from broadcasting, network operators, regulatory, and manufacturing organisations throughout Europe and beyond.

Visit the [DigiTAG website](#)

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may select either the same coverage provided by the old License under all essential DVB-T patents at the same royalty of 0.75 euro per product or a subset of that coverage at a reduced royalty of 0.50 euro per product.

Source: [MPEG LA press release](#)

### Poland prepares for DTT

Wojciech Halka, Poland's vice-minister of infrastructure, has announced that the country is likely to approve a plan for digital terrestrial broadcasting next month and launch a platform either at the end of this year or beginning of 2006.

The plan envisages digital rollout to take place on a region-by-region basis, with the first to be converted being Mazowsze and Wielkopolska, and the analogue switch-off date being 2014. A consortium made up of TVP, Polsat and TVN, the country's three national broadcasters, is working jointly to launch a DTT platform.

Source: Broadband TV News