

# Digital television and switchover: market developments and consumer metrics

Prepared for the Ministerial Group on Digital Switchover

**11 July 2007**

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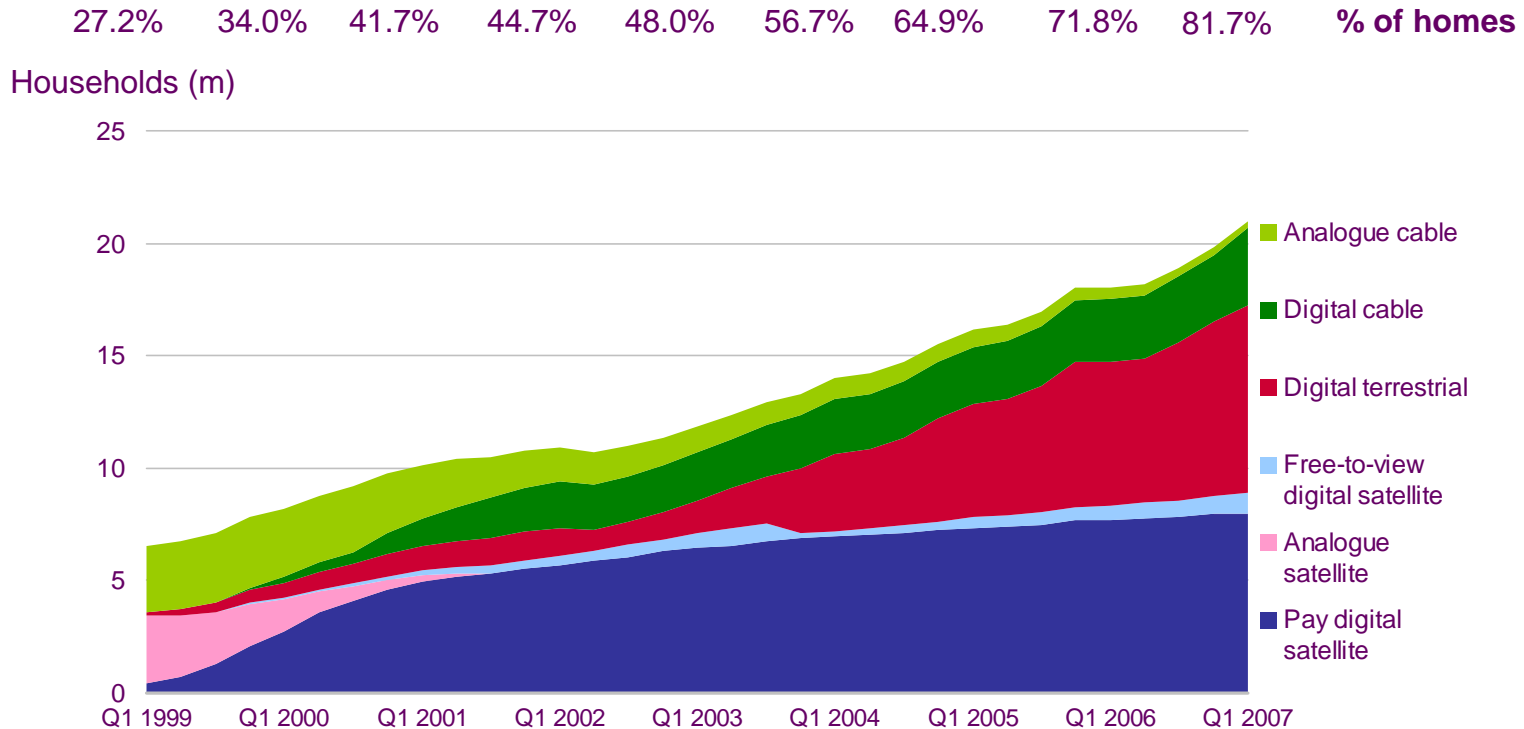
## Annexes:

- Digital TV Platform Availability

## Conversion Update

# Multi-channel conversion exceeds 80%

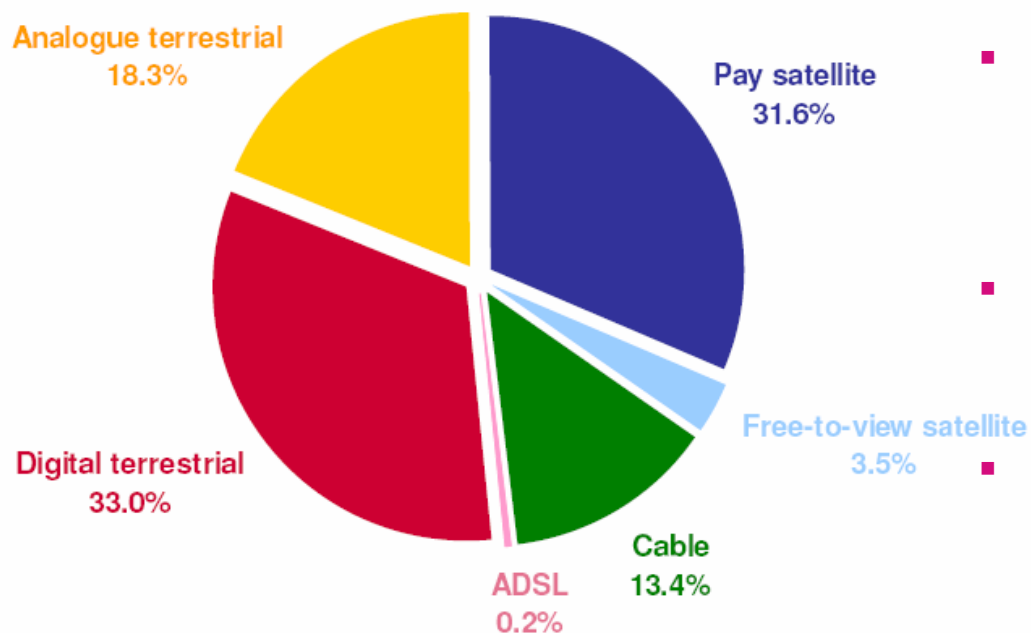
- At March 2007 81.7% of homes had multi-channel television
- 80.5% of homes had digital television (excl. analogue cable)
- 870,000 homes converted in the quarter, 81% of which converted via DTT
- Sky subscriptions in the UK passed the 8 million mark (8,008,000)



## Conversion Update Freeview overtakes Sky

Platform share of main television sets, Q1 2007

Total TV Homes = 25.4 million



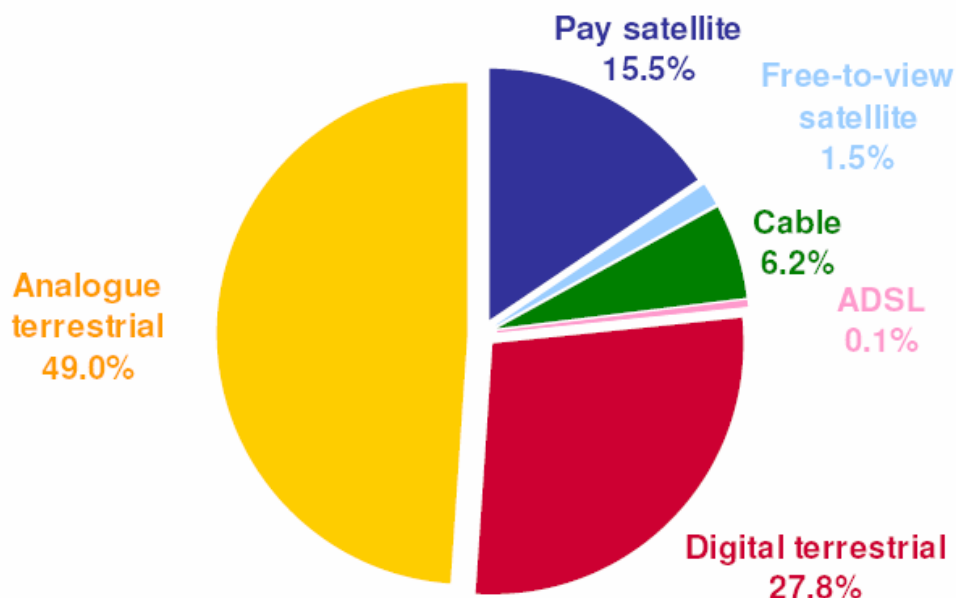
- Homes with DTT (Freeview) on their primary set exceeded those with pay satellite (Sky) for the first time (33.0% vs. 31.6%)
- However, including estimates for free-to-view satellite, there remain more homes with any satellite service on their first set (35.1%)
- Cable (Virgin Media + Wight Cable) added more pay TV homes in the quarter (36,100) than Sky (32,010)
- 2.3 million pay TV subscribers now take a digital TV recorder (DTR):
  - 27% of Sky homes have Sky+
  - 4% of Virgin Media homes have V+

## Conversion Update

# More than half of all TVs multi-channel

### Platform share of all TV sets

Total TV sets = 60 million



- 51% of all TV sets now receive multi-channel television
- DTT has the largest share of the TV set universe, 16.7m TVs, of which:
  - 8.4m are primary TV sets;
  - 8.3m are secondary TVs; and
  - 11.7m homes have DTT
- 16% of Sky's subscriber base (1.3m) has a Sky Multiroom subscription

# Consumer Metrics

## March-May Switchover Tracker Dashboard

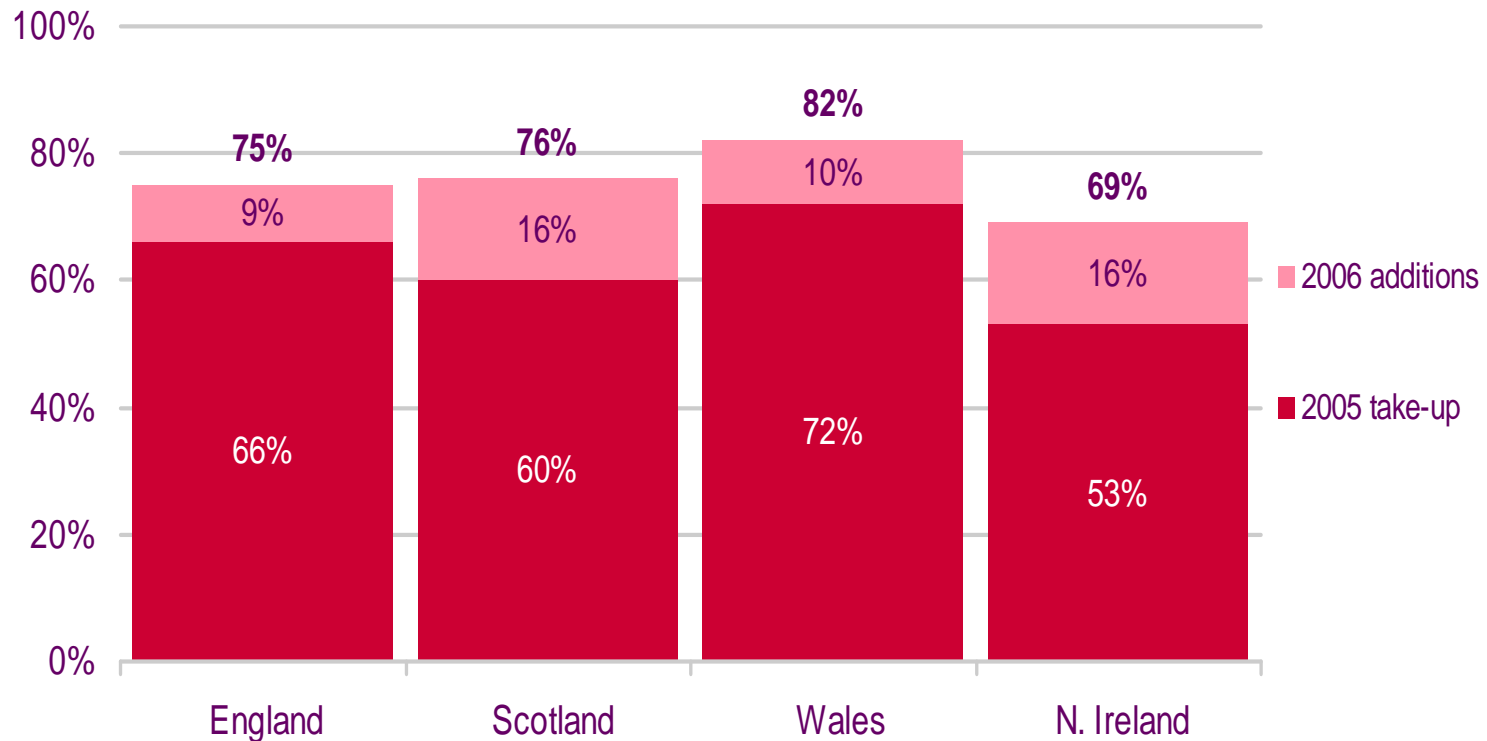
	BASE SIZE	-1- Awareness		-2- Understanding			-3- Pos/neut attitude		-4- Intentions to convert			-5- Conversion				-6- Satisfact'n with digital TV
		-a- Switchover	-b- Logo	-a- What to do for DSO	-b- Update VCRs	-c- Regional date	-a- Overall opinion	-b- Personal comfort	-a- Convert at least one set	-b- Will not convert any set	-c- Analogue h/holds to cnvrt 12m	-a- Primary set converted	-b- Other sets converted	-c- Full h/hold convrsion	-d- Total TV sets cnvrt	
<b>NATIONAL</b>	<b>2286</b>	84%	63%	64%	34%	16%	72%	84%	90%	2%	11%	80%	44%	48%	62%	74%
<b>1 - Border</b>	<b>325</b>	96%	82%	77%	45%	61%	76%	84%	96%	0%	11%	77%	44%	46%	61%	80%
<b>2 - Westcountry</b>	<b>314</b>	92%	70%	82%	38%	24%	71%	81%	94%	2%	13%	78%	49%	48%	64%	78%
<b>3 - Wales</b>	<b>312</b>	86%	69%	69%	32%	39%	67%	78%	95%	1%		87%	54%	58%	70%	80%
<b>4 - Granada</b>	<b>303</b>	91%	67%	67%	36%	25%	73%	84%	91%	1%		84%	47%	47%	64%	67%
<b>Whitehaven</b>	<b>260</b>	96%	83%	81%	48%	70%	73%	90%	96%	0%		80%	30%	42%	55%	78%

- March-May Tracker results show some growth in awareness to 84% nationwide, and awareness of over 90% in 4 of the first 5 areas to switch [full Q2 (Apr-Jun) results are not yet available]
- Metrics tracking understanding of the analogue recorder issue and of the regional switchover date remain low. Both issues will be a focus of forthcoming communications in the Autumn.

## Market Developments

# Significant growth across all Nations

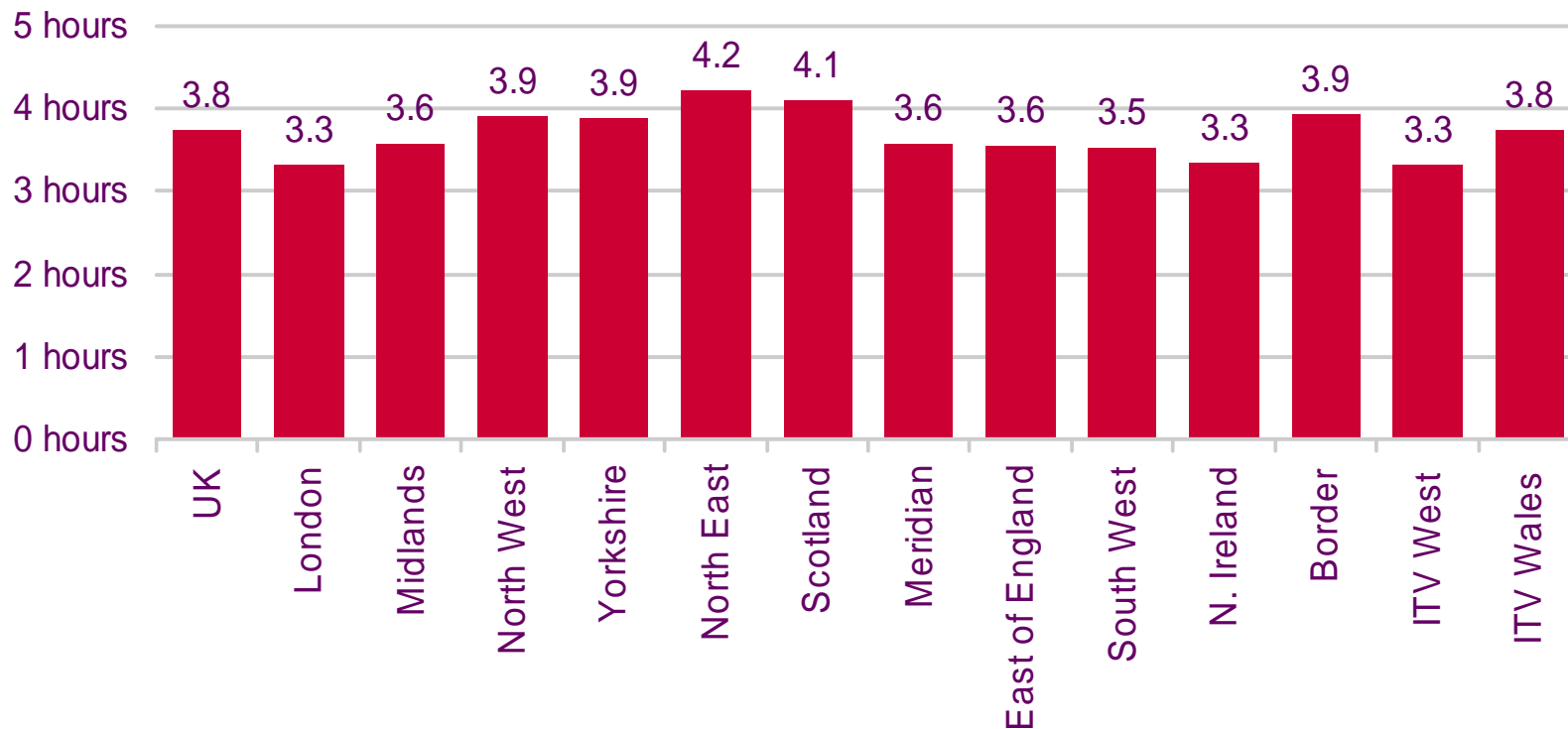
Proportion of individuals (%)



Source: Ofcom research (2006) published in Ofcom's Nations and Regions report, 2007

## Market Developments

### With clear variations in consumption habits



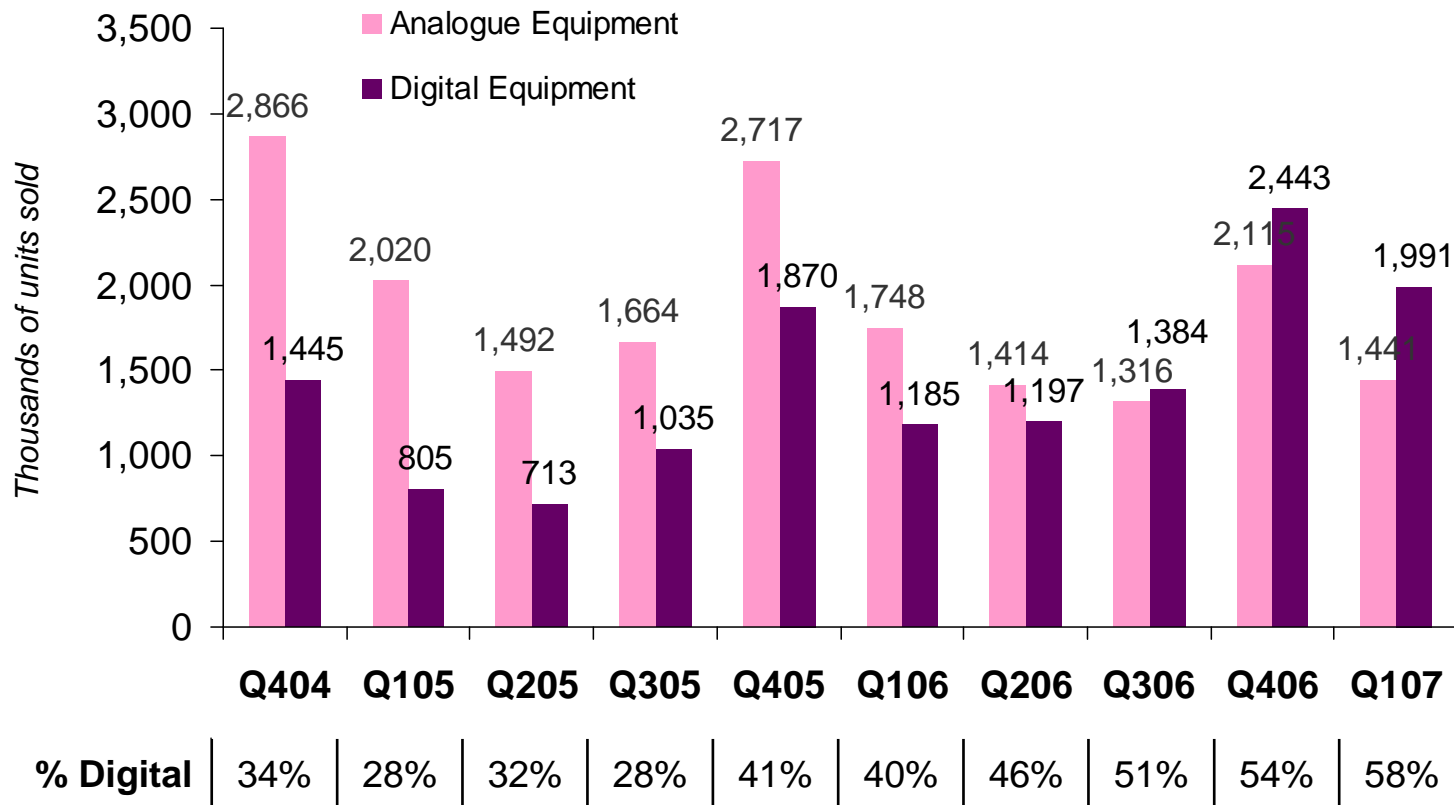
Source: BARB

## Market Developments

# 58% of TV equipment sold in Q1 2007 was digital

### Unit Sales of All TV Equipment

(thousands)



Source: GfK LekTrak;

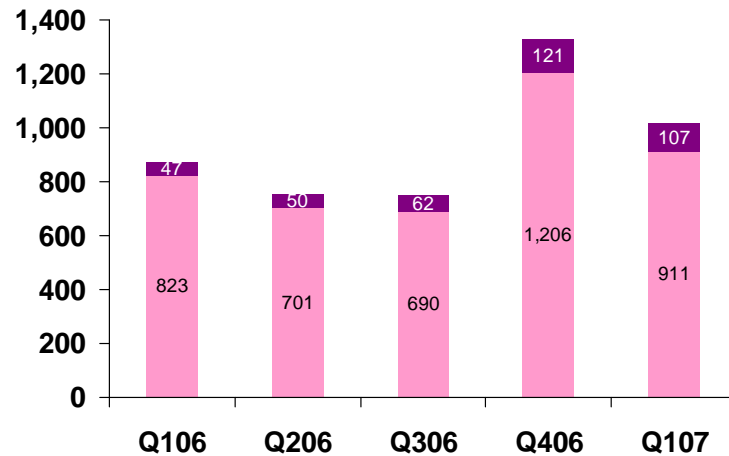
\* Analogue Equipment = TV sets, VCRs and DVD-Rs; Digital Equipment = iDTVs, digital TV recorders and other set-top boxes

## Market Developments

# Progress on small screen TVs & DVD-Recorders

### Unit Sales of Small Screen TVs (<26")

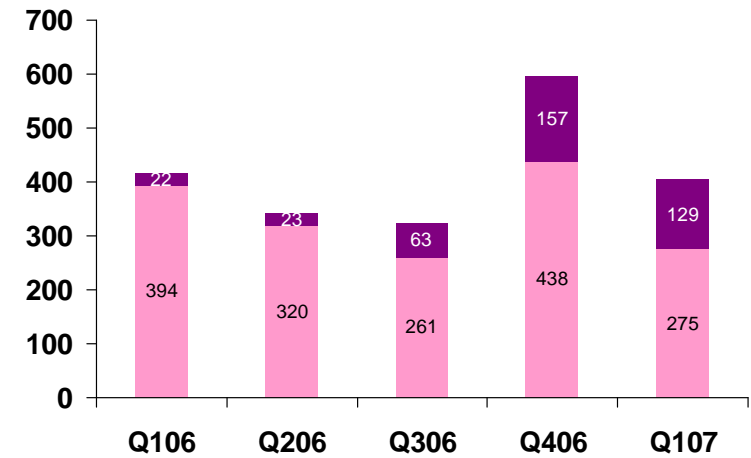
(thousands)



% Digital	Q106	Q206	Q306	Q406	Q107
	5%	6%	9%	9%	12%

### Unit Sales of DVD-Recorders

(thousands)



% Digital	Q106	Q206	Q306	Q406	Q107
	5%	7%	19%	26%	32%

- Small screen TVs are half of all TVs sold
- In 2006 3.7m small screen TVs sold, of which 91% (3.4m) were analogue
- In Q1 '07 12% of small screen sales were digital – up from 5% in Q1 2006

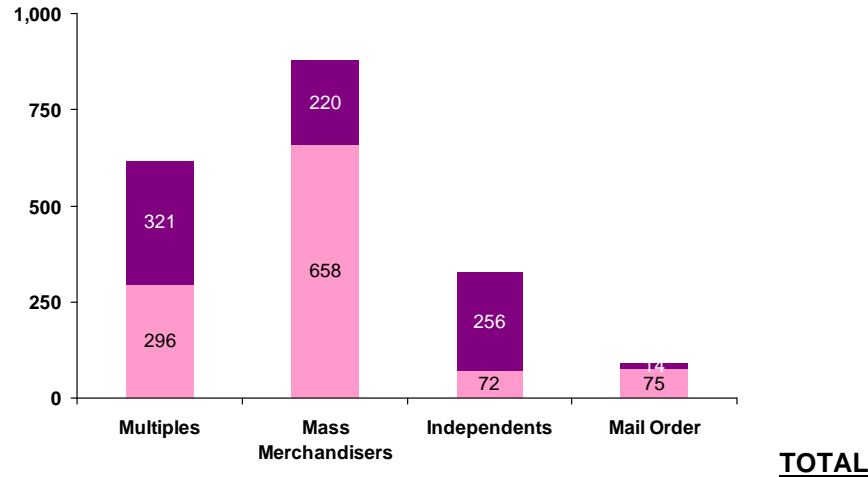
- In Q1 2007 404,000 DVD-Recorders were sold
- Almost one third (32%) were digital

## Market Developments

# Mass merchandisers ranges are largely analogue

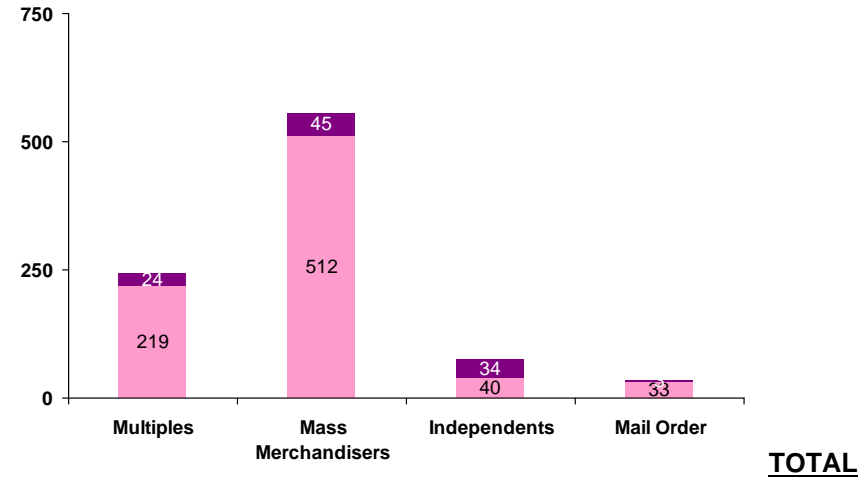
**Unit Sales of all TVs Sold – Q1 2007**

(thousands)



**Unit Sales of Small Screen TVs (<26") – Q1 2007**

(thousands)



	Multiples	Mass Merchandisers	Independents	Mail Order	<u>TOTAL</u>	Multiples	Mass Merchandisers	Independents	Mail Order	<u>TOTAL</u>
<b>Units (% of all TVs)</b>	617 (32%)	878 (46%)	328 (17%)	89 (4%)	1,909	243 (27%)	557 (61%)	74 (8%)	36 (4%)	911
<b>% Digital</b>	52%	25%	78%	17%	43%	10%	8%	46%	9%	12%

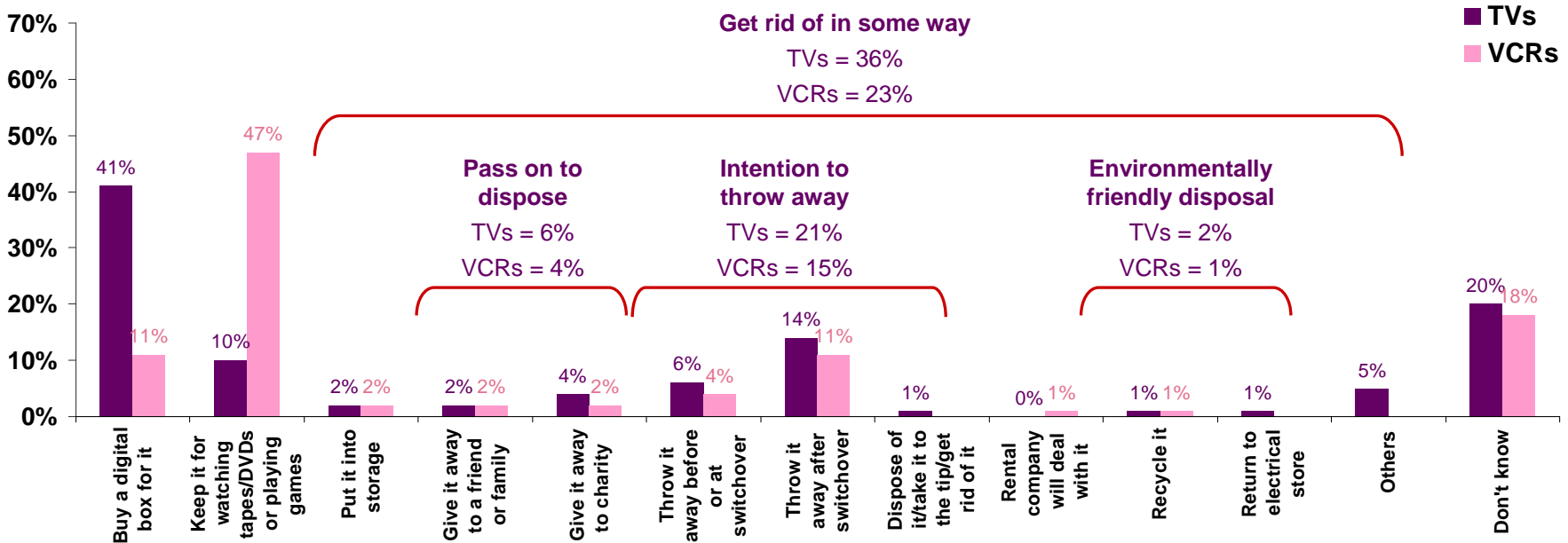
- Mass merchandisers (supermarkets) sell nearly half (46%) of all TVs – 25% of their ranges are digital
- Mass merchandisers sell almost two-thirds (61%) of small TVs, of which only 8% are digital

## Market Developments

# One third of those with analogue TVs will throw one away

### What do you plan to do with your analogue TV / VCR at switchover?

Asked of all those with an analogue TV or recorder. Source: April/May 2007 Ofcom / Digital UK Switchover Tracker. Sample 1,629



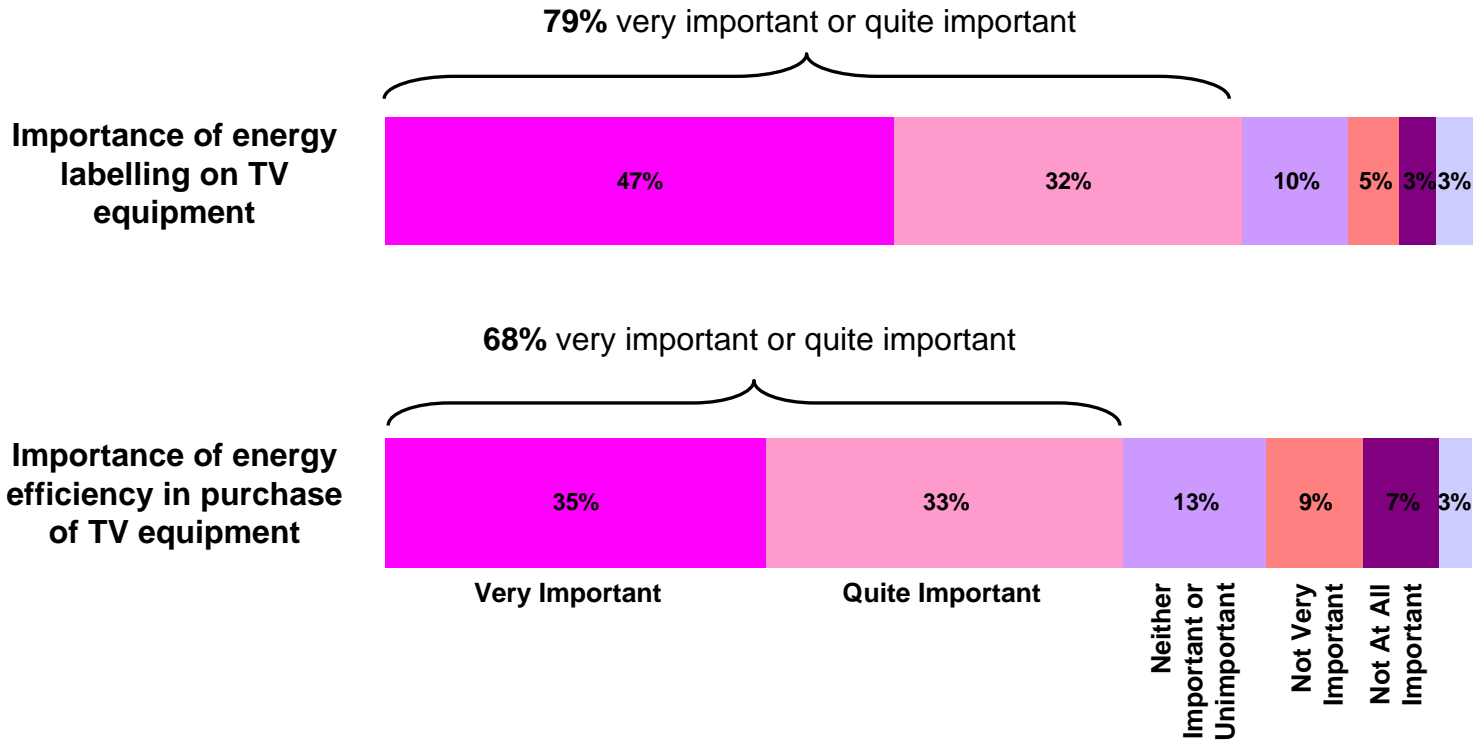
- 41% of people will convert all of their analogue TVs, 10% will keep a TV for non-broadcast uses, 36% will get rid of a TV in some way
- Only 11% will convert their analogue recorders, 47% will keep a recorder for playback, and 23% will get of a recorder in some way
- Of those intending to get rid of a TV or recorder, most simply intend to throw it away

## Market Developments

# Energy efficiency a factor in purchase decisions

### How important is energy efficiency?

Source: April/May 2007 Ofcom / Digital UK Switchover Tracker. Sample 1,629



- 8 in 10 people (79%) said that it was important to know the energy consumption of TV products they were buying
- 7 in 10 people (68%) said that energy efficiency would be an important factor in their purchasing decision

## Market Developments

# Digital UK / ACOD Vulnerable Groups Research

### Background

- Digital UK and the Ofcom Advisory Committee on Older and Disabled People co-sponsored primary research into the experiences and needs of vulnerable groups at switchover. The report was published on 13th June.
- Focus groups and interviews were conducted with 59 participants who were disabled, older, isolated, and/or on low incomes. Interviews were also conducted with their carers (formal, including social services, and informal, including family and friends). Some but not all would be eligible for the Help Scheme.

### Research Findings

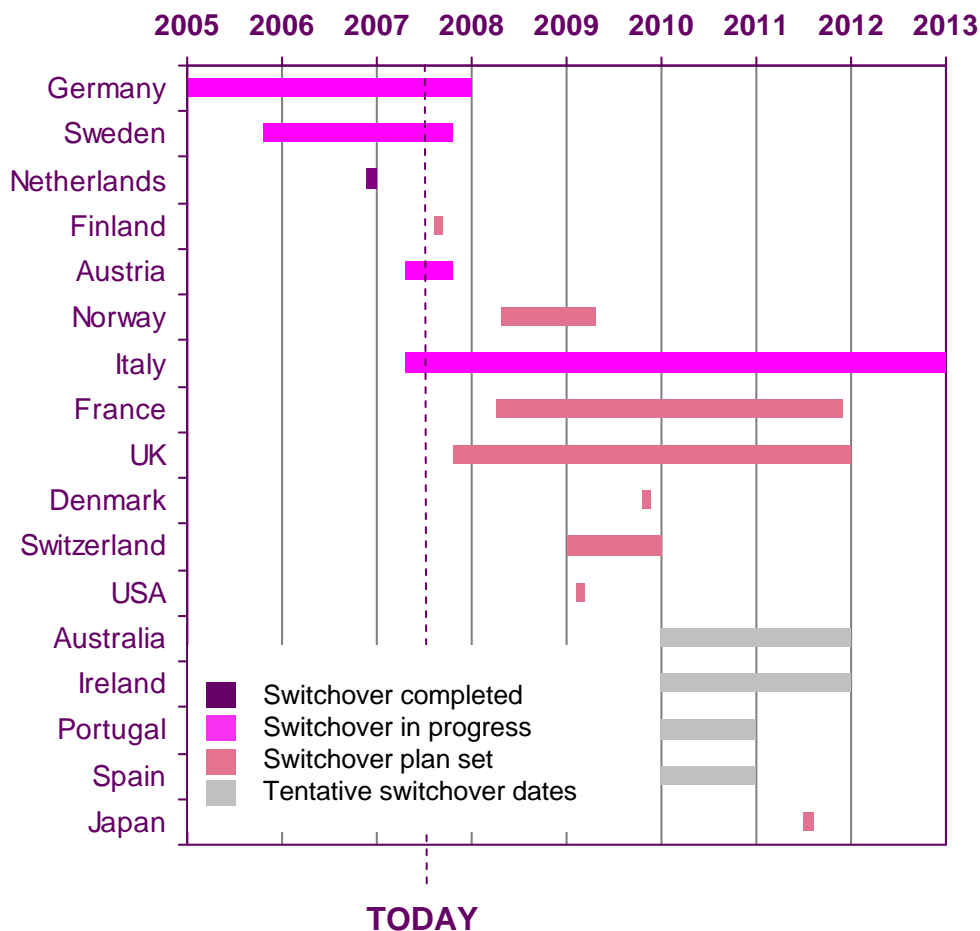
- The research found that, on the whole, these groups were not overly concerned about switchover (although this may be attributable in part to a lack of detailed understanding of the process and a perception that it is 'a long way away').
- Concerns that do exist are centred on affordability, fear of the technology, and a belief that digital television is 'not for them' and does not bring them benefits. Most of the participants did expect to be helped through the process by their existing networks of family, friends and supporters. Nearly all had access to a variety of informal support.
- The research concluded that Digital UK's generic communications combined with the developing programme of information materials for vulnerable groups (the 'Community Packs') met most of these groups' needs.
- Beyond this it suggested that early and co-ordinated mobilisation of support services (informal, charities and social services) would enable many to be helped through switchover. These groups will require face-to-face assistance, and suggested the development of 'digital surgeries' where they could go to learn more about digital TV and switchover.

### Implications

- No significant new issues were revealed, and the research supported the direction that Digital UK has taken on supporting vulnerable groups.
- It underscored the need to 'help the helpers' – educate and train those helping vulnerable people (family, friends, charities and social services)
- It was also found to be important to work with existing community infrastructures, e.g. using Deaf Access to pass information to deaf people.
- Some specific suggestions included:
  - 'Power questions' for people to take to retail to ensure they get the right kit for their needs (being used in the Whitehaven leaflet)
  - A whole house SwitchKit
  - 'How to' cards for people to keep for reference (replicating what family and friends do when they write down the steps for e.g. setting the VCR)
  - As above, 'digital surgeries' where people can find out about digital TV and switchover; particularly if there are 'people like them' to talk to
- These findings will guide Digital UK's emerging outreach strategy.

## International Updates

# Recent International Switchover Developments



- **Netherlands** – completed analogue switch-off on 11<sup>th</sup> December 2006
- **Sweden** – c.70% complete, regional programme finishes October 5<sup>th</sup>
- **Finland** - remain on track for terrestrial switch-off on 31<sup>st</sup> August 2007; cable in February 2008
- **Germany** - remain on-track to achieve a 2008 switch-off
- **Italy** – Cagliari switched 1st March 2007, programme due to complete 2012
- **Norway** - will switch-off analogue terrestrial by region between spring 2008 and spring 2009
- **France** – switchover confirmed by region between March 2008 and Nov 2011
- **Denmark** – have set single switchover date of 1<sup>st</sup> November 2009
- **USA** - have set a switchover date of 17<sup>th</sup> February 2009
- **Australia** – have set a target switchover timeframe of 2010-2012

## Annexes

- **Digital TV Platform Availability**

## Annex: Digital TV is available on four platforms

Platform	Equipment	Availability	Brand	UK take-up (households)	Penetration	Price range
Satellite	Externally mounted receiver and a set top box	Estimated 95-97% maximum	Pay: Sky Digital	8.0m Q1 2007	31.6%	£15 - £44 per month
			Free to view: Sky/Solus	0.9m Q1 2007	3.5%	Sky 'freesat' £150 one-off fee
Cable	Cable connection from network to the home and a set top box	51%	Pay: NTL, Telewest, Wightcable (Analogue & Digital)	3.4m Q1 2007	13.4%	£11.50 - £44 per month
Digital Terrestrial	Conventional TV aerial and either a set top box or a TV with a built-in digital tuner	73%	Freeview Pay: Top Up TV	11.7m Q1 2007 (8.3m DTT only platform)	33.0% (DTT-only homes)	DTT boxes from around £20. Top Up TV Anytime from £9.99 per month
TV over ADSL	Using existing telephone lines and set top box.	10%	Pay: Tiscali	62,000 Q1 2007	0.2%	£15 - £45 per month
<b>Total digital TV penetration of UK households:</b>				<b>81.7% multi-channel 80.5% digital</b>		

Source: Ofcom Digital Progress Report, Q1 2007

Note: 'BT Vision' live scheduled programming is delivered via DTT and is therefore counted in the Freeview homes total