

Digital television and switchover: market developments and consumer metrics

Prepared for the Ministerial Group on Digital Switchover

11 October 2007

Contents

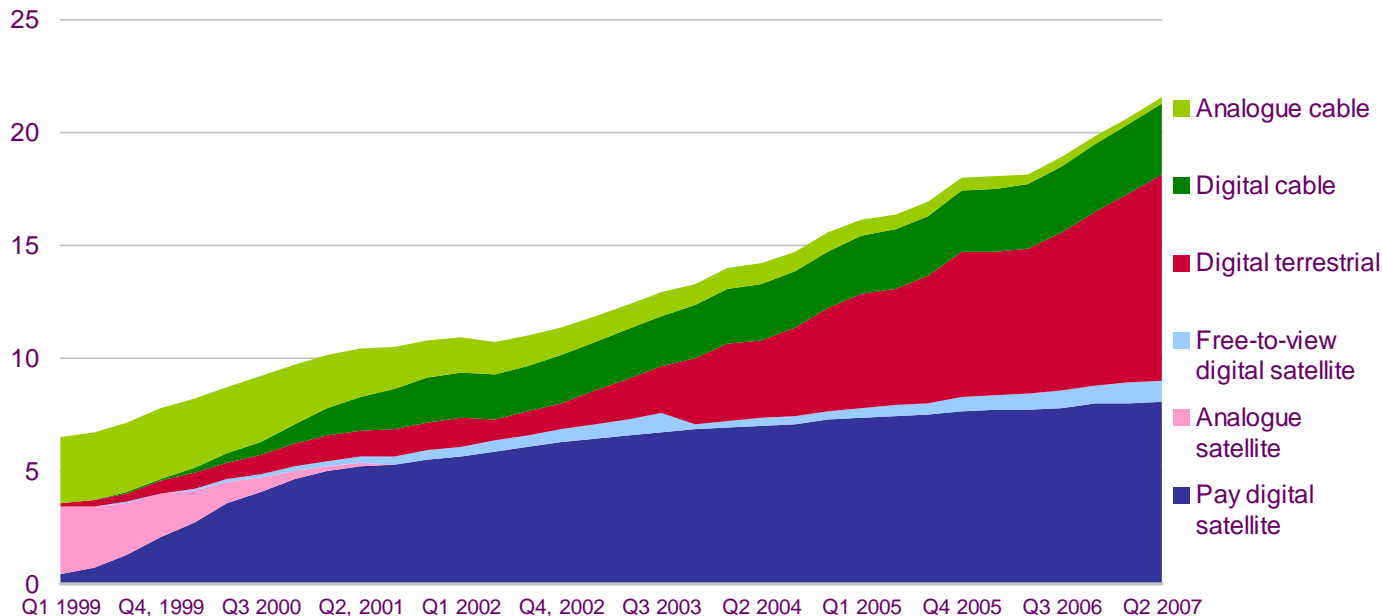
- 1. Conversion Update**
- 2. Consumer Metrics**
- 3. Market Developments**
- 4. International Update**

Conversion Update

Multi-channel conversion reaches 85%

- At June 2007 85.0% of homes had multi-channel television [+3.3pp on Q1'07]
- 84.0% of homes had digital television (excl. analogue cable) [+3.5pp]
- 906,600 homes converted in the quarter, 84% by DTT, 15% by satellite and 1% by cable
- Satellite (pay + free) is now used in more than 9 million homes
- 92% of cable customers are now digital

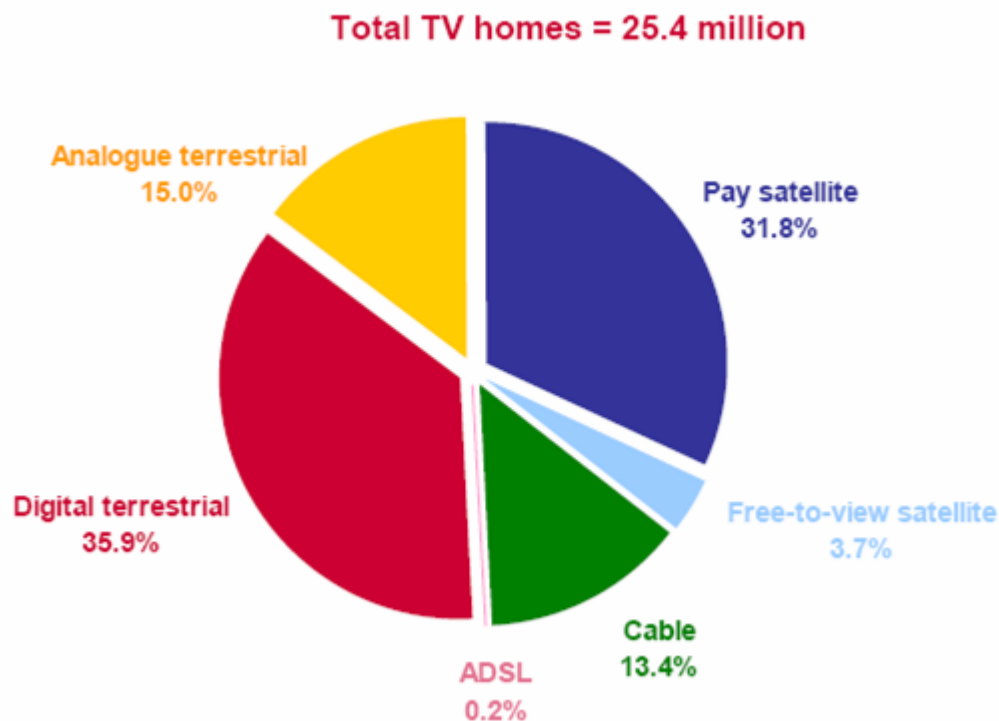
Households (m)



Conversion Update

DTT overtakes satellite on main sets

Platform share, main sets

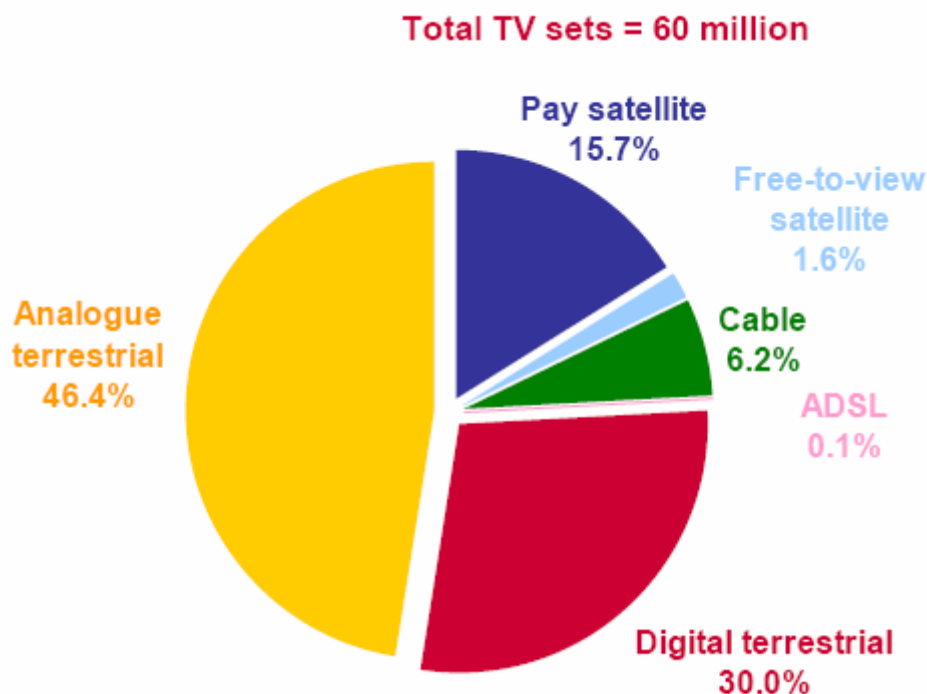


- In the last quarter homes with DTT (Freeview) on their primary set exceeded those with pay satellite (Sky) for the first time (33.0% vs. 31.6%)
- In this quarter, DTT overtook all satellite (pay + free) for the first time (35.9% vs. 35.5%)
- More than twice as many homes now have digital terrestrial (35.9%) as analogue terrestrial (15.0%)

Conversion Update

More than half of all TVs are digital

Platform share, all sets



- 53.6% of all TV sets now receive multi-channel television
- DTT has the largest share of the TV set universe: 18 million TVs

Consumer Metrics

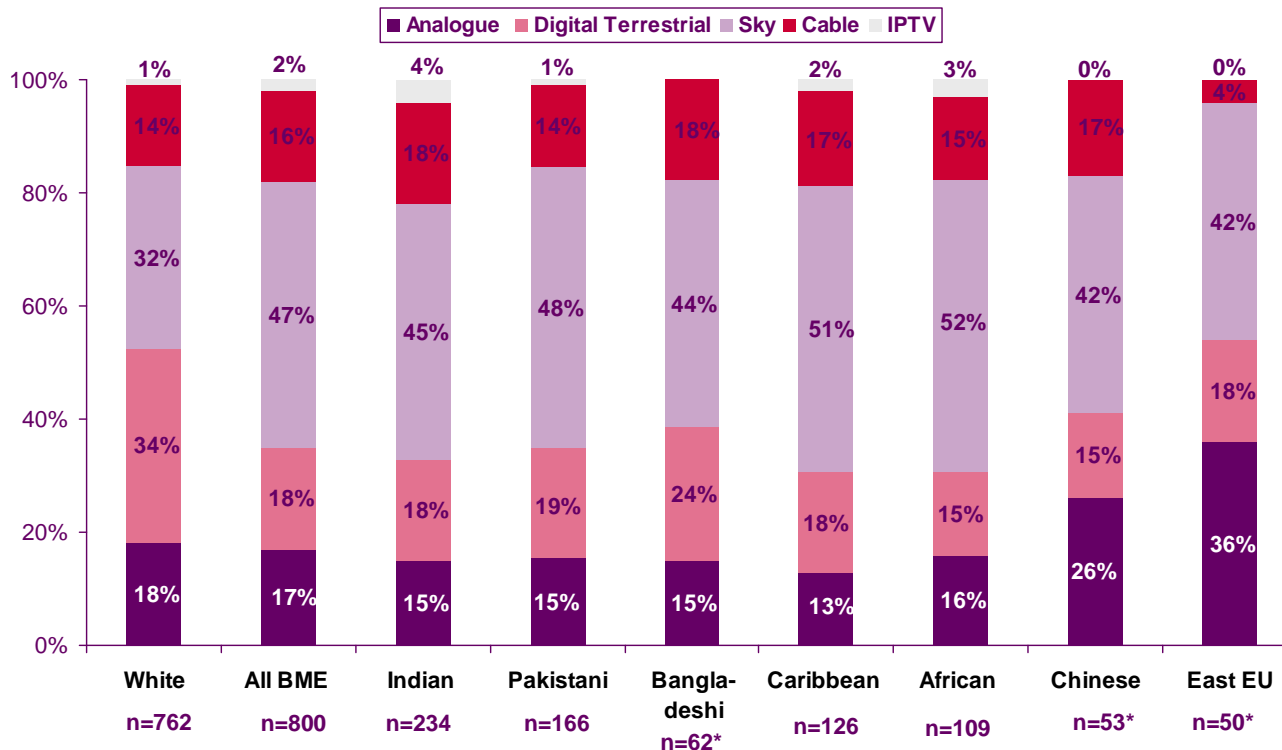
June-August Switchover Tracker Dashboard

	BASE SIZE	-1- Awareness		-2- Understanding			-3- Pos/neut attitude		-4- Intentions to convert			-5- Conversion				-6-
		-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 cvrvt 12m	-a- Primary set converted	-b- Other sets converted	-c- Full h/hold cvnrsion	-d- Total TV sets cvrvt	Satisfact'n with digital TV
NATIONAL	2714	84%	64%	65%	32%	17%	75%	85%	91%	3%	16%	80%	42%	48%	61%	76%
1 - Border	437	97%	81%	86%	48%	69%	81%	90%	97%	1%	29%	85%	45%	52%	63%	77%
2 - Westcountry	311	94%	73%	79%	35%	23%	78%	85%	95%	1%		84%	47%	53%	65%	80%
3 - Wales	311	93%	82%	74%	36%	38%	77%	85%	93%	2%		87%	47%	55%	67%	78%
4 - Granada	307	90%	73%	65%	28%	24%	74%	82%	94%	1%		81%	46%	49%	63%	74%
5 - West	240	94%	73%	76%	39%	19%	73%	87%	93%	1%		85%	47%	55%	66%	73%
6 - STV North	155	82%	64%	62%	30%	21%	68%	83%	89%	2%		75%	38%	40%	57%	77%
7 - STV Central	165	83%	67%	60%	40%	14%	77%	89%	92%	1%		85%	42%	52%	63%	80%

- June-August Tracker results show no growth in awareness at a national level (in the absence of campaign activity) but some growth in awareness in the West and STV regions (+5pp on Q2) in advance of the launch of regional communications in those areas in November [full Q3 (Jul-Sept) results are not yet available]
- Metrics tracking understanding of the analogue recorder issue and of the regional switchover date remain low. Both issues are the focus of current communications.

Digital Switchover & Black and Minority Ethnic Groups

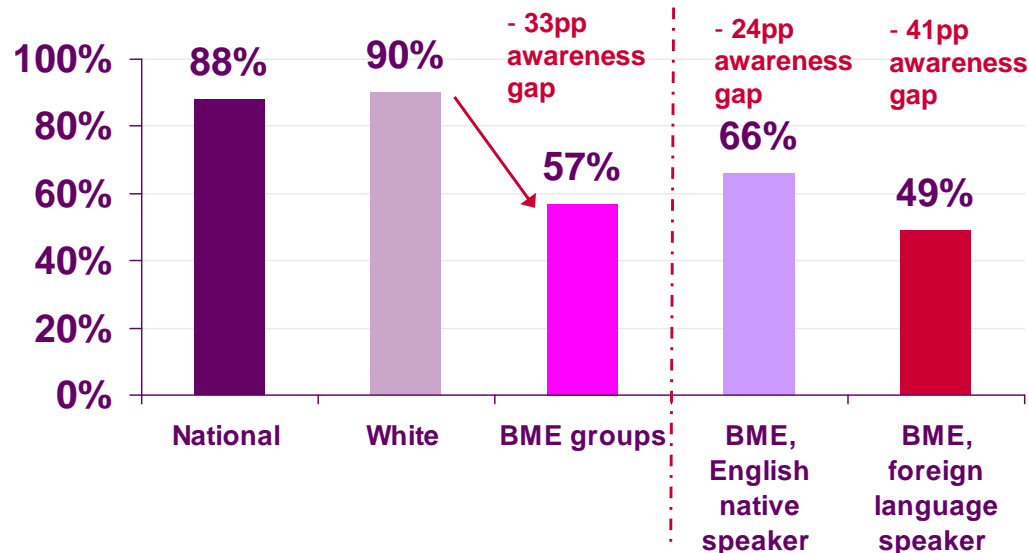
High digital TV take-up amongst BME groups



- Digital TV conversion is similar for BME groups as for the white population, but take-up of subscription services (satellite and cable) is far higher
- Perhaps because of higher usage of subscription services, BME groups are less likely to have second sets converted: only 34% of second sets on BME homes were digital, compared to 46% for the white population

Source: Black and Ethnic Minority Groups: Digital UK June Ethnibus survey results. White population: June Digital UK & Ofcom Switchover tracker results. *results are based on a sample lower than 100 respondents and should be treated as indicative only.

Digital Switchover & Black and Minority Ethnic Groups But a significant switchover awareness gap

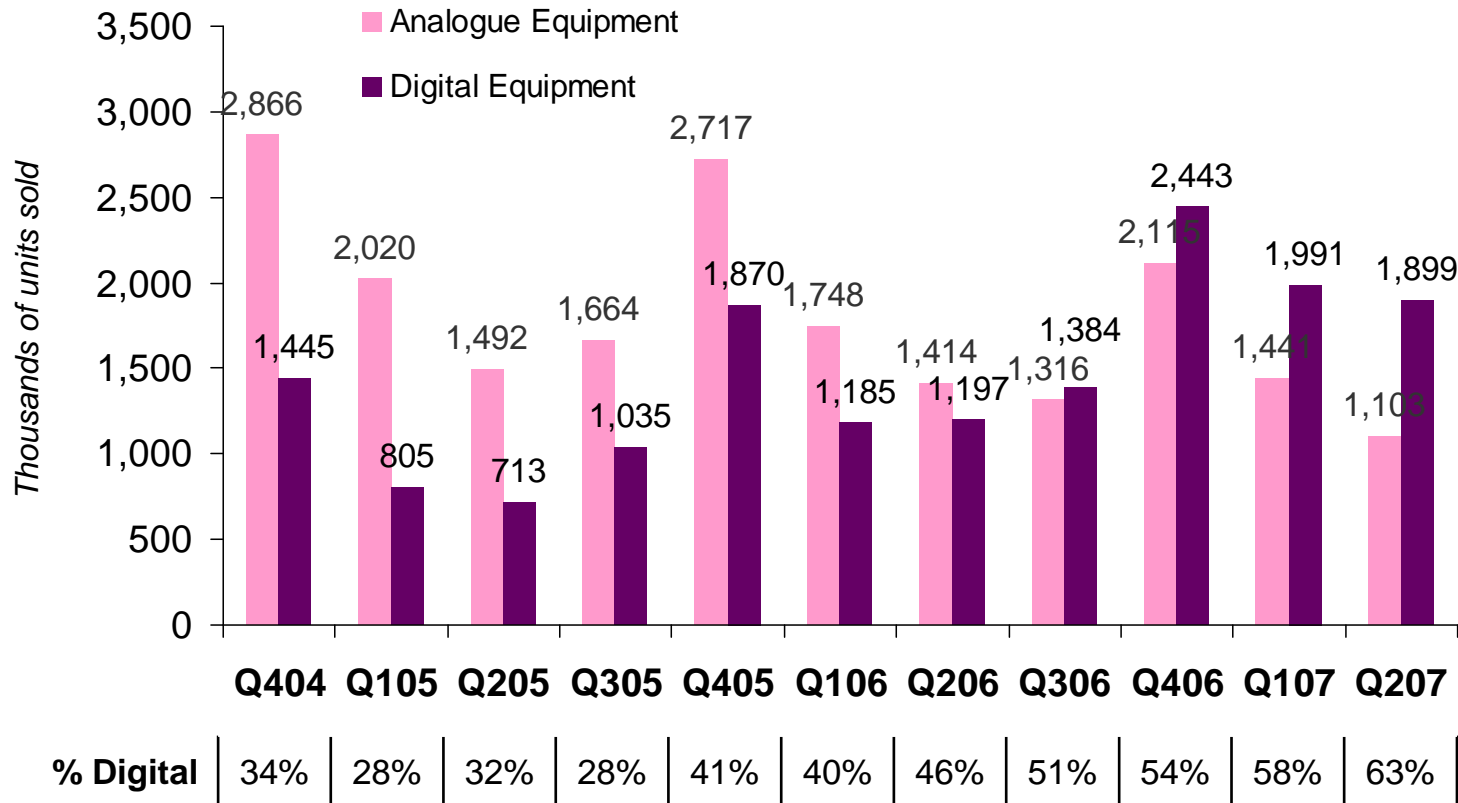


- Despite high digital TV adoption, awareness of switchover is much lower amongst BME groups
- Awareness is lowest for the Eastern European (44%) and Pakistani (46%) communities
- Awareness is lower even among BME English-speakers, suggesting that barriers are not solely language related
- Digital UK will test targeted communications to BME groups in the New Year

Market Developments

Almost two thirds of TV equipment sold is digital

Unit Sales of All TV Equipment
(thousands)



Source: GfK LekTrak;

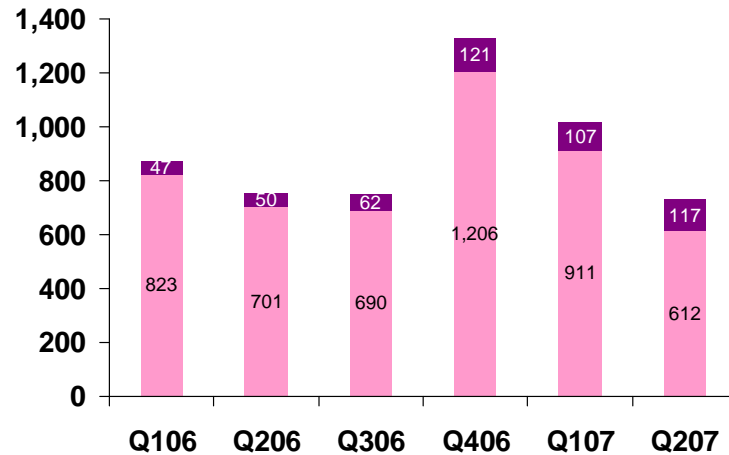
* Analogue Equipment = TV sets, VCRs and DVD-Rs; Digital Equipment = iDTVs, digital TV recorders and other set-top boxes

Market Developments

Progress on small screen TVs & DVD-Recorders

Unit Sales of Small Screen TVs (<26")

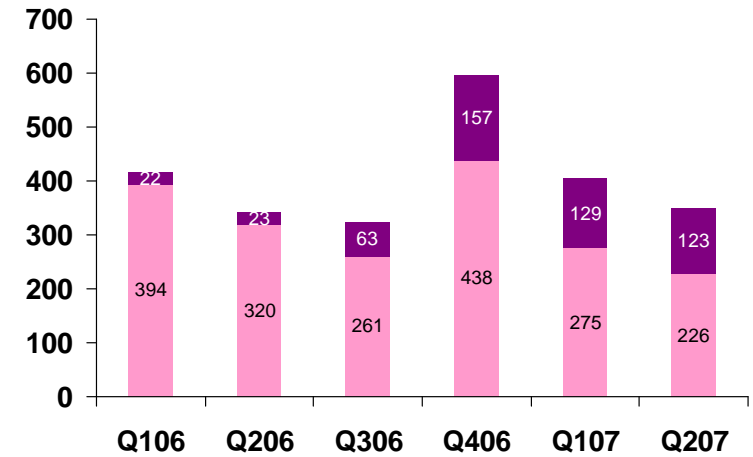
(thousands)



% Digital	Q106	Q206	Q306	Q406	Q107	Q207
	5%	6%	9%	9%	12%	16%

Unit Sales of DVD-Recorders

(thousands)



% Digital	Q106	Q206	Q306	Q406	Q107	Q207
	5%	7%	19%	26%	32%	40%

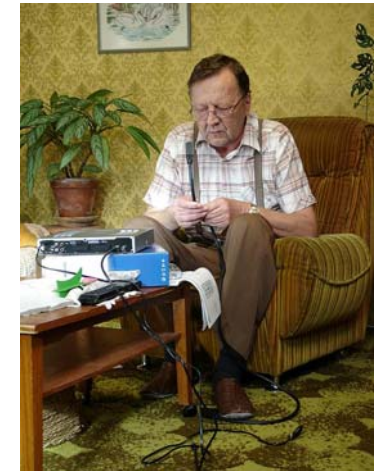
- Small screen TVs are nearly half of all TVs sold
- In 2006 3.7m small screen TVs sold, of which 91% (3.4m) were analogue
- At Q2 '07 16% of small screen sales were digital

- In Q2 2007 349,000 DVD-Recorders were sold
- One in four are now digital – up from just 7% at the same point in 2006

International Updates

Finland switched on August 31st

- Finland completed its terrestrial switchover on August 31st
- Of the 2.4 million homes in the country 1.2 million are reliant on the terrestrial signal. A survey one month before switchover showed that 85% had got equipment – a survey one month after showed this had risen to 97%
- A meeting has been held with the Finland team to review outcomes:
 - There were no technical problems
 - There were no ‘emergencies’ involving older people (which they had expected)
 - There was “some grumbling” but no public protest
 - The “public’s need for information and guidance was significant and all available sources were in heavy use”
 - Several call centres were overrun. Everyone called on the day of switchover as they tried to install kit seeking technical advice. Over 2,000 calls in total were taken. Average call times had been c. 4 minutes, but were 12.5 minutes at switchover, with some running as long as 30 minutes. Only 35% of the calls made were actually answered
 - Web services were also very busy, with 16,256 unique visitors to DigiTV’s map page and 65,868 visitors to Digi TV’s website
 - 3,000 people visited the information desk set up in Helsinki
 - Switchover was the leading media story on Friday and Saturday TV news – but stories centred on the fact it was happening (to promote awareness) There was coverage in leading papers but no negative headlines
 - The Finnish experience has provided some useful lessons and benchmarks as we prepare for switchover in Copeland



Avaa uusi telkkari!

digity

Ensis 360 päivät
Suomen TV digitaalisen kulkon 31.8.2007

Digi-TV:n maksuavat
Digi-TV:n asennopöytäkirja

Ennen
Miksi ja miten digity:
Lähtökohdat
Ongelmat ja lisäpalvelut
Tähtälindeksi
Ehdot, opastus ja videot
Lisäinfo

Ajankohtaista
Viesti digity-aiheisissa
1.9.2008
Terveystieteelliset muutokset talon digitaalisen tuon
voiman kättä
Uudistus merkitsee sitä, että television katselun on
harvinaisempi laatu ei digitaalisen. Varmuutta
on oltava tiettyä tietoa, jota on oltava digitaalisen
siirtimen. Tarkkuus 50 prosenttia laatuun ei
digityn laatuun, digitaalisen televisio.

**Digitaalinen lähete ja katselu on parin
arvokkainta, maastosta suora ja lämpimästi.
Käytännön kysymykset ovat ratkaistavissa
kukaan.
Lisä info >**

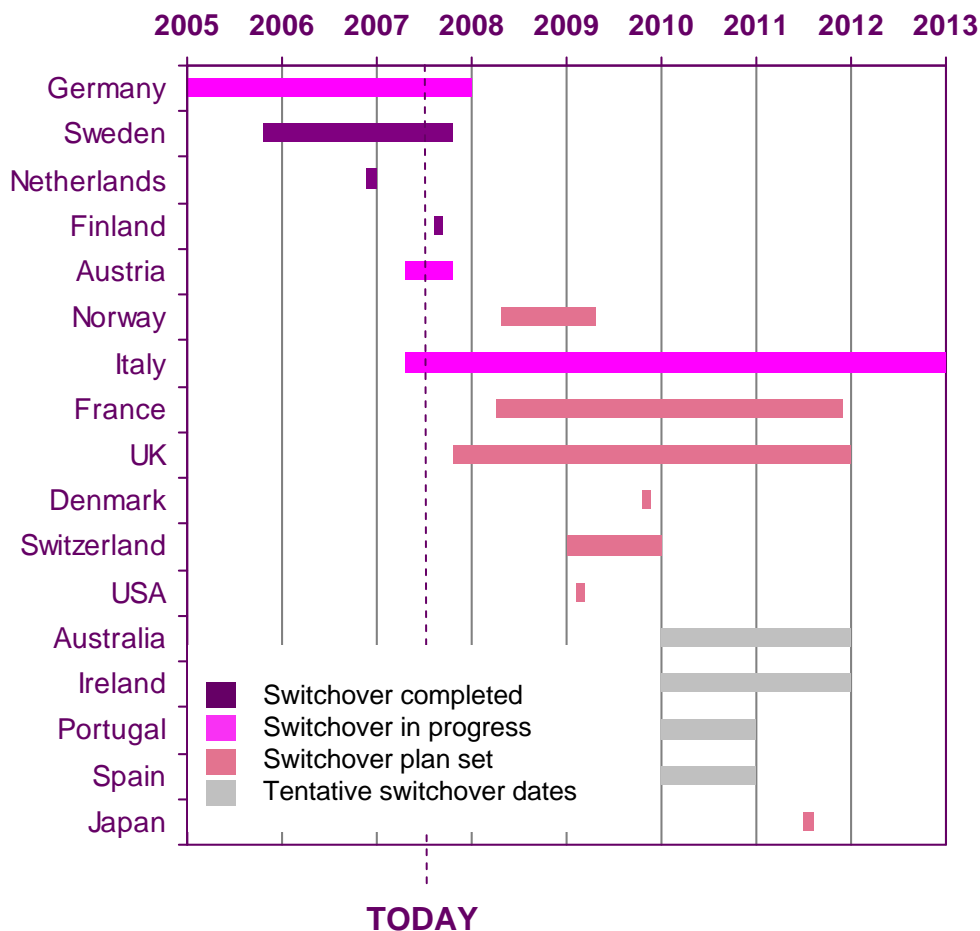
Tuorein tilastotieto
14.7.2008
Suomalaisista televisioita 50
prosentilla on digityn laatu.
Digitaalisen televisio Digityn laatu
on 1.120.000 laatuun. Hei-
matkaur vaihtaa määrä on
575.000. Lisä info >

Liikenne- ja viestintäministeriö
Tiedustelut: 09 16 16 16 (09) / Viestintävirasto
Puh. (09) 160 02 Fax (09) 160 2536 Sähköposti: viestintä@viestintä.fi, viestintä@ofcom.fi



International Updates

Recent International Switchover Developments



- **Netherlands** – completed analogue switch-off on 11th December 2006
- **Sweden** – Programme finishes October 5th
- **Finland** – analogue terrestrial switched off August 31st 2007; cable to switch 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 1st November 2009
- **USA** - have set a switchover date of 17th February 2009
- **Australia** – have set a target switchover timeframe of 2010-2012