10^{th} July 2002

Market Preparation Group – MARCOM Plan

Contents

Executive Summary

The prime objective of the digital action plan is to create an environment where Industry, together with Government, can effectively research and identify any potential obstacles likely to prevent the planned 2010 switchover and to agree and recommend actions to address those obstacles identified.

A 2010 switchover date is our main priority and all recommendations in this report are with this in mind.

It should also be noted that the bulk of the work in producing this report was completed prior to ITC awarding the vacant DTT licences to BBC & Crown Castle on the 4th July.

The working objective of the market preparation group (MPG) is to coordinate and recommend a cross industry communications strategy to both raise awareness and increase consumer demand for the whole spectrum of digital television services and equipment.

The digital television industry is a complex one. It consists of a number of highly competitive vertical subscription based markets as well as a very broad based under-performing horizontal terrestrial free to view market. A high percentage of consumers are confused by it despite past efforts to encourage a “cross industry” public information campaign.

Successes and failures to date

Penetration of digital television reception equipment into UK homes is already over the nine million mark, primarily through the efforts of the satellite and cable sectors. They are forecasting penetration of another two million homes over the next year.

But we must acknowledge that even taking into account the industries successes there is a significant market penetration challenge facing the industry if it is to achieve the targeted 2010 switchover objective.

The failure of ITV Digital, the financial pressures affecting the cable sector, the slow progress of ADSL broadband and the poor technical performance of the digital terrestrial platform have all contributed to a massive negative press for digital television in the UK media.

The negative impact of this on the UK television supply chain industries and the consumer cannot be overstated and this report recommends that action needs to be taken sooner rather than later to address the drop in confidence of both the trade and the consumer.

Addressing the issues.

Three of the MPG working groups has identified, independently of each other, the critical need for improvements in the quality of industry information and communications to both the trade and to the consumer.

It will be the task of the technical and spectrum planning groups of the Digital Action Plan to work with industry to address many of these issues and this report assumes that the coverage, performance quality and technical issues affecting the market will be addressed in conjunction with the new terrestrial licencees, parallel to the development of our proposed communications strategy.

The report identifies that the single biggest obstacle to switchover is the underperformance of the digital free to view proposition across all formats. It proposes that if we are to increase consumer awareness and make any significant impact on the sales of digital television equipment, we need to embark on a high profile public information, advertising and PR campaign as soon as possible to promote the wider benefits of digital television.

The need for clarity and cohesion

With the exception of Pay TV propositions, which have been marketed clearly and effectively, the absence of a focussed communication on the other key benefits of digital television including quality, interactivity and free to view choice, has left the consumer with little understanding of their availability.

Working with the broadband stakeholders

In addition to the free to view proposition, interactive and on-line services are an area where consumer awareness is low and the communication needs to be improved.

In addressing this it will be important to avoid additional confusion by ensuring that digital TV promotional messages are coherent and consistent with those of the “Broadband Stakeholder Group” and the future work of each group should take account of this.

A New Opportunity

It is extremely rare for an industry to get a second opportunity, but the recent success of the BBC, Sky & Crown Castle “Free to View” consortium, in winning the vacant ITV Digital Licence has given the digital terrestrial television industry the opportunity to address the mistakes of the past four years and grasp the opportunity that a focussed digital terrestrial free to view proposition with improved technical performance can offer the market.

The timing of this could not be better when considered against the recommendations of this report.

* List of recommendations

The following is a list of recommendations for consideration by government to explore fully the cost of providing jointly with industry, a cross platform, digital television campaign to promote the generic benefits of digital television.

1. **Steering board to agree that MPG start the work to commission a generic consumer awareness campaign. 17th July 2002.**

2. **Agreement for MPG to produce a brief for agencies so that a creative recommendation for a generic, cross industry campaign can be prepared. Mid August.**

3. **Parallel to this produce a campaign plan with a more detailed costing for government and Industry consideration.**

4. **Test the plan with Industry and if the right level of support is forthcoming, agree a launch date.**

5. **Agreement for MPG to coordinate with the stakeholder group to appoint an operational team to manage the implementation of the campaign.**

6. **Agreement for MPG to explore the cost of appointing a PR agency to look after the generic PR for the digital television proposition.**

The recommendation of this report is that a campaign is required as soon as possible to kick-start the market towards the 2010 switchover target.

Whilst autumn 2002 has been highlighted in the report as the right timing, we appreciate that this might be unrealistic because it will take time to get the campaign agreed and up and running. Also both the BBC and Sky have voiced concern about the timing for this autumn because it might clash with plans they have to re-launch the terrestrial free to view proposition.

Never the less, there is total agreement that a generic campaign is required and It will be the job of the agency to recommend the best timing for it.

Key Considerations!!!

These are covered in the body of the report, but in essence they are….

Why should we invest to increase awareness? After the slowdown of the past 6 months, the industry needs another kick-start. If the 2010 switchover objective is a priority, it is the view of the MPG that consumer awareness and demand for digital television needs to be urgently stimulated.

What happens if we do nothing? If we do nothing we will have to wait some time for Industry and consumer confidence to grow and switchover will not happen in the time scale.

Why should Government get involved? Industry has, to date, invested significantly in the digital television marketplace and as widely reported, a significant amount of money has been lost, with some players already disappearing. As certain networks, manufacturers and retailers retrench under changing financial conditions, there is a widespread view that it is time Government showed some sign of their commitment to achieving switchover by 2010.

How do we get Industry to share the cost? Elements of the kick-start campaign could be sold to individual market sectors, where the key message is relevant to them. But, as the market grows, Industry will naturally switch its analogue spend into the digital arena and the market will move forward under its own steam. Industry will inevitably invest in the sector as and when their business plans are able to justify the budget.

Danny Churchill
Chairman Market Preparation Group

1. Digital Overview

It is critical that we understand the market for digital television in all its aspects: not only what the consumers are doing and what are their attitudes to digital; but also we need an understanding of the dynamics of the broadcasting, manufacturing and retail players in the industry.

This section gives that overview, focusing on the overall marketplace and then consumer attitudes.

1.1 The Digital Marketplace Today

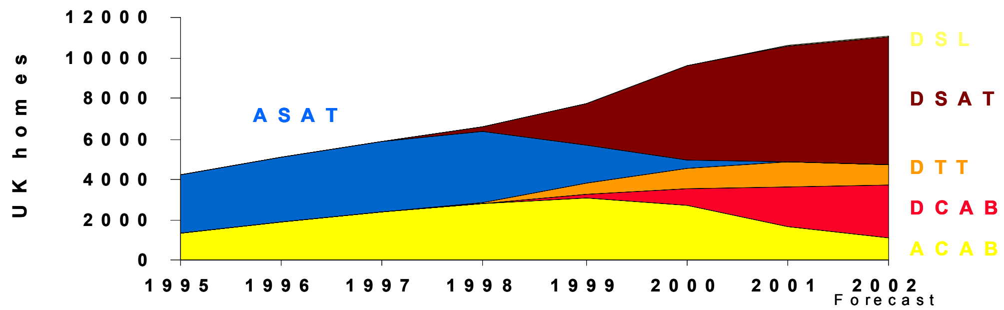
The multi-channel TV market in the UK has four platforms:

Digital Satellite (DSat)
Digital Terrestrial Television (DTT)
Cable - Analogue (ACab) and Digital (DCab)
Digital Subscriber Line (DSL)

They have primarily developed by offering consumers pay-TV. DSat and Cable in particular have had considerable success, driving multi-channel take-up to 44% of households by the end of 2001. In most of those households, this has involved converting only the main set in the home - with additional sets remaining analogue.

DSL is a relatively new platform using the home telephone line as the method of access to the home, subscriber numbers are low today, but are envisaged to grow as an affordable national consumer offering becomes available.

Figure 1
UK multichannel take-up



Source: InformaMedia

DTT has not been successful to date. ITV Digital was marketed as a direct competitor to DSat and Cable but its channel line up was weaker, its technology less robust, and consequently consumer take-up was much slower. Following ITV Digital's collapse, market conditions are more complex and consumer confusion has increased - although the number of people signing-up for pay-TV packages appears not to have been affected significantly. There appears to have been no overall decline in the public's intention to go digital and there is clearly an emerging market for free-to-view adapters, which have been on sale since April 2002.

Overall digital penetration is now slowing however. This is for two reasons. Firstly, there is a greater focus on platform operators adopting strategies of maximising Average Revenue Per User (ARPU) which may have an impact on the absolute growth of subscriber numbers. Secondly, some remaining analogue consumers are resistant to pay-TV and confused and sceptical about the benefits of digital TV.

The multi-channel television market can be assessed by the number of homes it reaches, the growth in subscription income, which is their primary source of revenue, and the advertising revenue it commands.

Households reached

By the late 1990s, after almost ten years of consistent growth, the market for multi-channel television started to slow. The advent of digital therefore, was not just great news for consumers but great news for multi-channel platform owners who could refresh their product and pitch it at a whole new audience. By the end of 2001, 10.7m homes were multi-channel with DSat accounting for over half of those. Since then the volume of new multi-channel homes per annum has dropped significantly from 2m two years ago.

Free-to-view

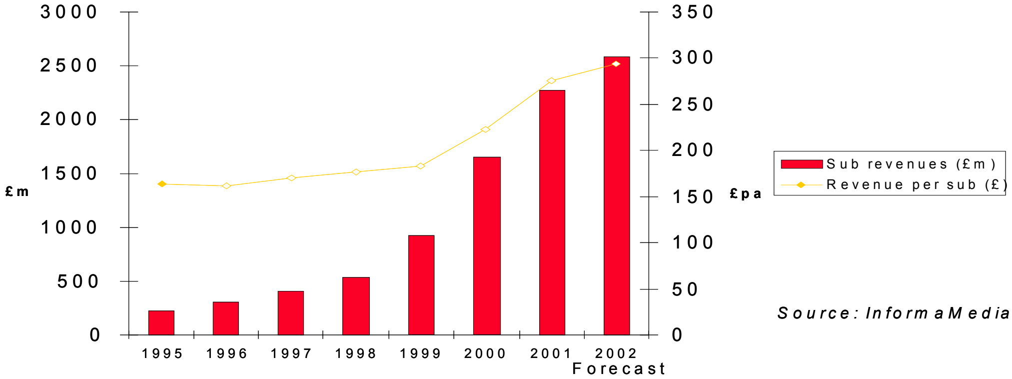
The bulk of multi-channel penetration to date has been for pay-TV services. This has been due to the value offered by pay-TV and the lack of a simple free-to-view offering which allowed consumers to clearly see what was in it for them; but also there has been minimal free-to-view marketing and promotional spend in the years since the launch of digital TV in the UK. This imbalance has unsurprisingly resulted in only a small number of free-to-view digital homes so far.

The awarding of the new DTT licences to a free-to-view consortium will allow significant growth in non-pay digital viewers. It is generally accepted that switchover will only be possible with a healthy free-to-view sector.

Revenues for Pay Services

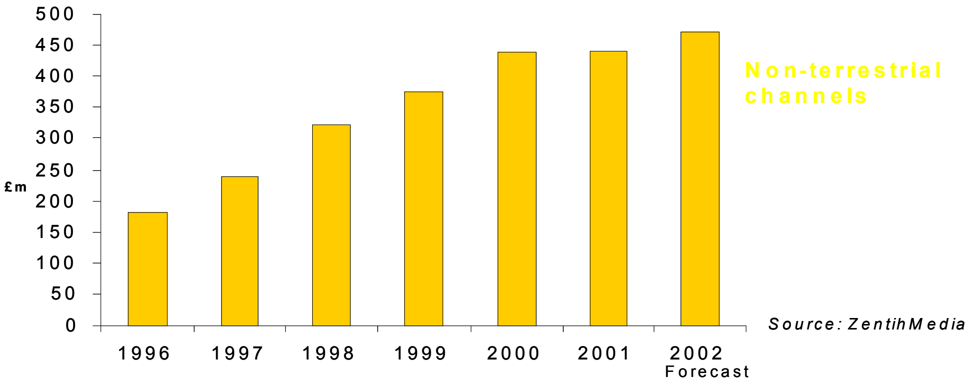
Slowing penetration over the last two years has been compensated for by higher ARPU from subscribers as operators have introduced new services. Pay-TV operators have focused on driving higher ARPU from subscribers by providing a range of new interactive services (e.g. gambling and pay-to-play games) as well as price increases although they still have ambitious targets for continued subscriber growth (e.g. Sky's target of 7M subscribers by 2003).

Figure 3
UK TV subscriber revenues



The other key source of revenue for multi-channel operators (where they have a channels business) is advertising revenue. The entire advertising market has been depressed recently but the multi-channel market still managed to record an increase in revenue in 2001 as penetration growth led to higher levels of commercial impacts and greater revenue. Now a recognised part of the main advertising-buying season, multi-channel channels will continue to grow advertising revenues but the *rate of growth* will fall as the benefits afforded by rising penetration reduce.

Figure 4
UK TV advertising revenues



As a maturing sector, multi-channel pay-TV is now well poised to capitalise on the enormous infrastructure investments made so far.

Platform comparison

	DSat	DTT	Cable
Description	Pay-TV platform - the largest platform in the UK market	Free-to-view platform from Autumn 2002	Pay-TV platform - has heavily invested in infrastructure
Key Players	BSkyB	BBC, Crown Castle, ITV, Ch4, SDN	NTL, Telewest
Strengths	Large subscriber base, strong brand and reputation for customer service, film & sports rights	Potentially plug'n'play; Accessible with low-cost adapters and iDTVs	Triple-play offering of TV-Telephone-Internet access
Weaknesses	Resistance to dishes	Limited coverage	Heavy investment

	on some homes and planning restrictions	and fallout from ITV Digital collapse damaged confidence in DTT	has led to large debts; High churn
Strategy	Focus on driving up of ARPU and minimising churn, target subscriber base of 7m (currently 6m)	Free-to-view channels available as widely as possible	Focus on triple-play and driving up ARPU, particularly for TV
Pay-TV penetration (% TV Homes, Q401)	23.3%	4.5%	14.8%
Share of digital TV market (% TV homes, Q401)	53.8%	11.9%	34.1%
ARPU (2001)	£313	Not known	£215

Sources: InformaMedia, ABN Amro

The future of DTT in the UK

Following the ITC's awarding of the licences to the Crown Castle/BBC consortium in July 2002, the DTT platform will be re-launched in Autumn 2002 as a free-to-view proposition supported by BSkyB.

It is early days yet and one can not rule out the possibility of one of the other multiplex operators offering terrestrial Pay TV services, but should they choose not to, this would simplify the digital offering for the consumer in the UK, as DTT would become fully free-to-view and DSat and Cable would provide the additional pay-TV options.

1.2 Consumer Attitudes to Digital

Analogue Homes

Two thirds of the population - 15 million households - receive only analogue television in the UK. These homes have so far failed to adopt digital TV as they perceive it to be a pay-TV medium, rejecting the need for more channels and remaining confused about the benefits of digital.

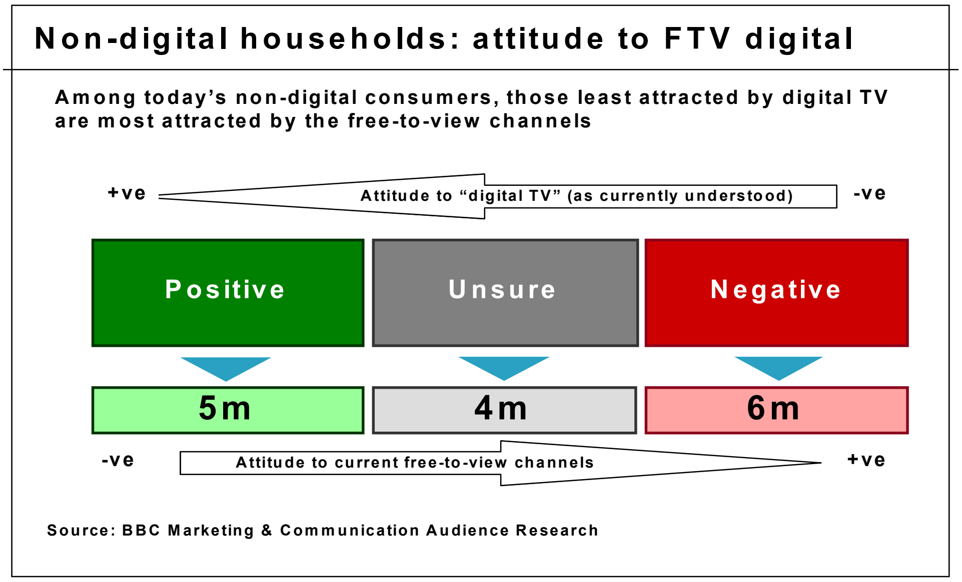
Just over a third say they are *likely* to go digital in the next five years and just under half that they *may* go digital. 21% expect never to go digital. These consumers are looking for simple, clear and effective communications about the digital offerings that remove the key barriers to take-up and replace them with tangible and motivating benefits:

Barriers to Take-up	Consumer Needs
Confusion	Clarity
Complexity	Simplicity
Perceived high cost of entry	Clear explanation of costs involved and availability of free-to-view offering with low cost of entry
Perception that digital has hundreds of poor quality channels	Communications about the channel content and promotion of the free-to-view option
Perceived lack of need for more channels	Clear view of the benefits of digital

Analogue Segmentation

The above issues are common across all of the 15 million analogue-only homes. Research shows that among this group there are three broad sub-groups of consumer each with different *current* attitudes to digital:

- The "Positives" (5 million homes)
- The "Unsures" (4 million)
- The "Negatives" (6 million).



A large proportion of the Negatives and a significant proportion of the Unsures are put off by conventional pay-TV and perceive that they will not convert, although they are surprised at the simplicity of and ease of use of digital TV when they experience it.

The Positives are attracted by the Cable and DSat offerings of multi-channel TV and interactive services.

Broadly, the older people are the less they tend to know about digital and the less they perceive they want it. Many do not know what it is or how they would go about getting it even if they ever wanted it. They are daunted by the range of providers, packages and platforms. Most think digital TV equals pay-TV. Only 29% of the population is aware that ITV1, Channel 4, Channel 5 and the BBC's channels remain free-to-view via digital.

For some analogue consumers *more* content simply for its own sake is not motivating - it must be content that they or their families want to consume. Analogue consumers commonly identify one or two premium channels in which they would be interested, but as these are only available bundled-in with a raft of less popular channels, the offering does not meet their needs.

The phase "digital" is not motivating as it triggers confusion, technophobia and indifference. Neither is describing the offering simply as "free" - provoking suspicion that there must be a catch or an assumption of poor quality. Consumers also fear that digital TV means adding to the growing number of remote controls they need to operate the equipment. Most VCRs have their own remote control, as do the growing number of DVD players.

Among those seriously considering going digital, many are delaying their decision, expecting things will 'sort themselves out' - as with VCRs and satellite in the past. Only 44% are aware of the government's plans for digital switchover. A sizeable minority, deeply resent them.

Portables, Set-top Aerials and Second Sets

There is a significant universe of portable sets across the UK which needs a practical solution to allow conversion to digital, and ITC estimates suggest as many as one third of analogue households rely on a set-top aerial for the main set. It is probable that a combination of technologies, including DTT, DSat and others will need to be developed to convert these significant parts of the market. Unless these needs are addressed, digital switchover will not be achievable.

Before April 2002, consumers wishing to upgrade additional sets had the option either of taking out extra subscriptions from pay-TV providers or buying "magic eye" converter equipment. Although extra subscriptions are expensive they have shown signs of significant growth while sales of magic eyes which only allow viewers to watch the same programmes as those being watched on the original digital set have exceeded 1.25m. From April 2002, DTT adapters have also provided a solution for second sets, and early sales figures of these have also been encouraging.

Digital Households

Over one third of households already have digital TV. Of these, the majority are pay-TV customers. Six million have Sky Digital, about 2.4 million have Cable and about 850,000 have DTT. This growth has been driven both by converting already multi-channel consumers from analogue to digital and by growing the overall digital market (Sky have nearly doubled their customer base in the move to digital).

There is also a very small free-to-view (FTV) sector of about 300,000 homes (including the households with iDTVs). These are mostly people who have churned out of pay-TV or who have taken up a free-to-view package, despite the lack of any significant promotion of a free-to-view offering.

Broadly, digital households are younger and are more likely to have children at home. Sky digital homes are more upmarket than were Sky analogue homes and 50% of ABC1 homes now have multi-channel TV, the pattern is similar in digital Cable households.

But the consumer picture in digital homes is complex. The vast majority only have one digital set - while other sets in the household are still analogue. Interactive functionality has varied significantly in the past from one platform to another (although this will be addressed by the closer alignment of the DTT and DSat interactive offering with the launch of the BBC/Crown Castle DTT service.

Some people who have digital do not know they have it. Some who do not have it, think they have it as their set has "digital" sound. Also some people in digital homes still watch the five analogue channels in analogue - only switching to digital for the digital channels (e.g. 63% of BBC1 viewing in digital homes is on analogue .
There are also about ten million digital homes who want a cost-effective solution to convert their additional TV sets to digital. Although the Government's current switchover criteria are focused on the main TV set, reaching second and third sets will be a major obstacle to digital switchover aspirations.

Recording While Watching

Analogue householders are surprised, and even resent the fact, that most current digital set-top boxes and adapters do not allow them to record one digital channel while watching another digital channel (MORI survey July 2002). Sky have the only box on the market with this facility.

As awareness grows of digital TV overall, there is a risk that the lack of the facility to record a separate channel will become a significant disadvantage and will delay take-up as consumers wait for new equipment to become available.

Interactivity

Of those who are already digital a significant percentage are beginning to use interactive digital services (56% of DSat viewers used interactive in 2002 and cable customers are spending c.60 million minutes per month interacting with their TV).

Interactive users tend to be slightly younger and more male than the average digital viewer and the services they enjoy include shopping, banking and betting, as well as extra video streams in support of the main programme and text services. This market is in its early stages and critically interactivity is not yet identified as a consumer motivator to switch to digital.

Retailers

Sales staff in retail outlets have been confused. Many are unclear about the comparative benefits of the various digital offerings. Integrated digital TV sets are not widely available, in part because the old DTT offering was difficult to sell with poor coverage and the need for a significant proportion of households to have an aerial upgrade.

The new DTT platform makes overall digital TV sales significantly easier. Customers who want 24 free-to-view channels can be sold an iDTV, a DTT adapter or set-top box, and those who want more than that can be sold a Sky package.

The Cable pay-TV offering is sold via direct marketing to homes passed by the network, or via own-brand retail outlets.

1.3. The Launching of new technology

The industry has had years of experience of launching new technologies into the market place and particularly in migrating analogue markets to digital. We must draw on this experience going forward.

When a new technology comes to market it takes time for the consumer to learn about its benefits and start to buy it in volume. The reliability and commercial viability of a new technology, including the costs of manufacturing, distribution and promotion have to be proven at each stage of the technologies growth before Industry investment into the mass-market promotion of the technology can be justified.

Over a given period of time from launch, two to three years or more, manufacturers and retailers become more knowledgeable about the products potential. As retailer confidence grows, sales increase and manufacturers produce greater quantities of product to keep pace with retailer and consumer demand.

Only when the business economics are right, will the Industry commit to the promotion of new technology and it is at this point that consumer awareness, desire and demand grows. As customers gain more personal experience of the technology they pass on their enthusiasm for the product to other potential purchasers and further stimulation of demand is created.

Digital television technology

Digital television has not been launched as a typical new product technology, it has been more content focussed than product focussed with the main investment in growing consumer demand coming from the Pay TV sector and the broadcaster, not the traditional manufacturing and retail sectors.

Where the technology has proven to be reliable, has met customer expectations and gained retail confidence, it has achieved remarkable success in a very short time. However, in the digital terrestrial sector where the technology has not met customer expectations or gained the confidence of the manufacturer or retailer, the product has not sold well.

The exception to this has been Sony where they have driven the iDTV sector with a range of products, but where they have sold well, too many consumers have complained about the quality of the service and large numbers of products have been returned.

Ironically, from a product point of view, with digital television establishing itself successfully as a set top box phenomenon during this period, the bulk of consumers have not identified digital services with the television set and the analogue terrestrial television market has grown significantly in both volume and value. With such high demand, the retailer has been reluctant to invest into switching consumer demand into an unproven and undersupplied digital terrestrial television sector.

There is also the added fact that the analogue television market has been driven by a host of new technology features that are both stimulating retail confidence and customer demand.

Wide-Screen, Pro –logic Sound, DVD, flat LCD and Plasma screen, are all key “New” technologies driving the television market.

Digital television products

As explained above, in the eyes of the majority of consumers, digital television is not seen as a television set technology.

It is seen as a set top box “subscription proposition” that you plug in to your existing television. Despite Sky having for three years offered a free to view set top box “free” to any one installing a Digibox and signing a commitment to keep it connected to a telephone line. The consumers still think they must pay.

It is only recently that a digital terrestrial free to view set top box option has been available and this might well be the product that does promote the true “Free to View” message.

For the future, if we are to maximise every opportunity to increase digital penetration we will need to convert the **£3 billion per annum** analogue television set customer as well as increase the penetration of set top boxes and adaptors. To achieve this we must encourage the stimulation of demand for digital television equipment as well as content.

By encouraging the 10 million customers per annum buying new analogue television products to consider the digital alternatives, we will encourage greater investment by the industry to produce the products to meet customer demand.

1.4. Negative attitudes must be addressed.

This is both an Industry and consumer communication issue. The consumer has little or no understanding of the availability of free to view multi channel services and until they do there is no incentive for them to buy free to view digital reception equipment.

It is a widely expressed view in the manufacturing and retail sectors that left to market forces alone, switchover will more likely happen between 2020 and 2025, there is no confidence in 2010. The growth of analogue TV sales in the three years since the launch of digital television services has caused many to invest even further in the analogue sector.

Unless this view is changed, it will negatively affect the level of investment into the future production of digital television equipment. Positive stimulation of market demand is critical if we are to start to address this problem. A high profile public information campaign supported by a positive PR campaign is recommended.

1.5. The Switchover " conversion" challenge

Whilst we have achieved around 40% penetration of all homes with "one" digital TV product over the last three years, this equates to less than one half of one of one set per household.

The challenge is to convert between three and four sets per household. Whilst many believe that this can be achieved by encouraging homes to network their services or by supplying them with adaptors for each set, there is no evidence to suggest that the consumer will accept these solutions in large enough numbers.

The basic fact is that in a 3 times over saturated analogue television market, we are selling three times more "new" analogue television sets per annum in the UK today than we are digital set top boxes. This is growing the number of sets that will eventually need to be converted.

There are over 24 million homes in the UK (according to Meryll Lynch) and at 3 plus sets per household, this translates into10 years average sales of 8 million digital television reception products per year if we are to reach the conversion target.

If we were able to convert the existing annual analogue television sales market to digital we would easily surpass this figure.

To do this we will need to stimulate a much greater level of confidence with manufacturers and retailers and a far higher level of awareness with the consumer.

2. Marketing Proposal

2.1.Background

The commercial pressures and complexity of the digital television Industry has prevented industry agreement, to date, on a generic strategy to raise the profile of the sector with the consumer.

The Government have been working with Industry for the last four years to coordinate a generic public information campaign. Chris Smith and Patricia Hewitt steered the original forum, but it has led to little generic industry activity.

The DTG and the BBC have produced two very good generic leaflets and developed two equally good generic websites and ITV Digital have sponsored the DVB free to view television campaign. None of which has achieved the objective of raising public awareness.

Despite the efforts of the DTI and DCMS, there has been no resulting Government or Industry wide investment into a public information campaign.

Three separate requests by industry to sponsor a digital television communication to all TV license holders, using the current licence reminder and licence issuing mailing service have been rejected.

2.1.1 The MPG proposal

The first question we must ask is "Why do anything?"

The answer to that is very much dependent on our attitude to switchover. If we are happy to allow the market to determine when switchover will occur, we would not propose any significant action.

If however we wish to switchover by 2010, "we must" increase consumer awareness and grow demand for digital television products.

The cross industry membership of the MPG, are unanimous in their view that the digital television propositions and generic messages exist today to attract a larger number of consumers into the market.

The focus working groups are also convinced that without the necessary focus and investment into building consumer awareness demand will not grow and switchover will not happen by 2010.

2.1.2 the agreed GENERIC messages

- Better Digital Quality Sound and Picture Performance v Analogue!
- True Widescreen Broadcast Pictures v Analogue Simulated!
- Minimum 15 Free To View Channels v 5 Analogue!
- A wide range of Subscription and pay per view Channels.
- Enhanced Television & Interactive Services in addition to Teletext!
- Ease of use (EPG's)
- Digital Radio Services built in.

Until the TV buying consumers in the UK understand that these features are available to them they will not set out to buy digital TV products.

Until the consumer starts asking for digital TV products, the retailer will not stock them as "recommended" product alternatives to analogue products.

Until the retailer starts to place orders for the digital products, the manufacturer will continue to focus their resources into the technologies that drive the products the retailer is ordering, analogue.

This mould needs to be broken and it is the recommendation of the MPG that a high profile kick-start public information campaign, to increase public awareness, needs to happen as soon as is realistically possible, but needs to be structured to complement any other promotional activity the Industry might embark upon.

2.1.3 "Now" is the time to promote Digital Television.

The Digital Marketplace has survived to date primarily as a result of the success of Pay TV, but there has been no cohesive central body promoting the generic benefits of digital television. The Pay TV sector, Satellite and Cable has built its credibility and now the new BBC role in terrestrial will help to create a similar level of credibility for the free to view digital terrestrial format. A generic, all platform campaign should therefore work much more effectively for the "whole" industry.

The MPG concludes that it is important that we achieve for the consumer, more cohesion in the promotion of the Digital Television message through using a common language and increasing promotion and PR through a public information campaign.

Funding

Funding will be a major issue in this as all the industry sectors are under severe budgetary pressure to promote their own individual propositions.

And bearing in mind the significant investments and losses made by industry to date, it is generally agreed that Government should now take the initiative in promoting the generic benefits of Going Digital.

A Government and Industry led focus on the generic stimulation of the digital television market is the only way forward.

To get an initial idea of potential cost we have taken "Share of Voice" advice on the size of campaign that would be necessary to address the market with a focussed series of Generic Digital Television messages and recommend that we should start immediately to put plans in place for an autumn launch.

(See 8.2)

2.2. Proposals for a Consumer information Campaign

Each of the Market Preparation Focus groups reached the same conclusions about the need for clear and concise consumer messages regarding the features and benefits of digital television. (See reports Section 4 & 5)
The question therefore is "how to communicate them?"

We decided to seek outside help on this and the Chairman consulted with both Saatchi's and Walker Media for advice on style and minimum media spend levels for a campaign to have the desired "share of voice" effect.

What has been proposed and subsequently supported by the MPG, is that we should commission a "catalyst style" public information campaign to portray a cohesive "digital television industry authority" to the consumer and which would enable any message, from any format, on any digital feature, to be included.

We also agreed that the campaign would need to be high profile and supported by a focussed PR service. We concluded that if the proposal were to be accepted by the project team we should brief an advertising agency to look at the creative ways we could achieve the Catalyst objective.

The brief would be to take the unique and generic features of digital television covering all of the formats and highlight them in a series of focussed advertising messages within one identifiable "host" digital television campaign.

The critical objective would be to ensure that the "generic host" format enabled any message to fit. It would need to be fair to all sectors of the industry in terms of the generic representation and it would need to ensure that the consumer was able to understand each generic feature that was communicated to them.

Over time, through association, the consumer would learn more information about the flexibility, the capability and opportunity that digital television brings them, rather than the confusion that exists today with a large section of the population.

The estimated cost of a campaign over 5 years would be in the region of £85 million pounds, as outlined in the Walker Media assessment (8.2)

Our recommendation is that the campaign should be structured such that whilst government would help kick-start it, industry would eventually take over the total cost as the commercial model grows in value and production and sales start to increase.

If this proposal is accepted we would commission agencies to look at the creative and the media plan more closely and give us their more detailed recommendations.

2.2.1 PR

Any campaign would need to be backed up with a good PR facility. The absence of an Industry response to much of the unjustified criticism of the digital television market over recent months has highlighted the need for a central PR facility to speak on behalf of the industry, particularly in responding to media inaccuracy.

This would be a good opportunity to kill two birds with one stone. Inaccurate and negative statements that go unanswered or without response in the media will only confuse or turn off the potential digital customer. A positive campaign supported with good PR would go a long way to counteracting such negative press.

It is proposed that we work with the Stakeholder Group to investigate the cost in appointing a PR agency to represent us in this. Until such time as Industry funding is made available for such a service there is no other recommendation as to where it might be situated.

3. The Work of the Market Preparation Group

The Market Preparation Group has been structured to draw upon the experience and knowledge of all of its members to help identify the key digital television propositions, which are likely to appeal to the UK consumer market. Then to recommend a cross industry communications strategy to both inform the market about the availability of those propositions and to stimulate demand for them.

In the early stages of this work it was acknowledged that the consumer market should be the prime focus for communication and consumer propositions should be targeted at two distinct consumer categories: -

i. Consumers who were prepared to pay for additional channels and services.
ii. Consumers who were not.

The consumer digital proposition work was therefore organised into two focussed working groups.

3.1 The free to view group.

Senior representatives of the television manufacturing industry led this group.

Their job was to use their experience and understanding of the key drivers of the existing, and growing, 10 million unit per annum analogue television and video markets and to recommend the digital propositions that will most likely appeal to the free to view market and encourage customers to migrate from analogue to digital. (See report 4.)

3.2 The Commercial Group.

Senior representatives of the subscription television industry led this group.

Their job was to review the success of the digital subscription television market place and to suggest ways that the work of the subscription TV operators could be complemented to encourage greater growth and penetration of the consumer digital television market. Particularly in respect of the pay television, Internet and digital communications offerings available to the market.

(See Report 5)

In addition to the consumer market areas of focus, we created an additional group to consider PR and communications requirements and another to consider what extra work might need to be done to encourage those areas of the market less likely to migrate without help.

3.3 The PR and Communications Group

Senior representatives of the broadcasting sector led this Group.

Their job has been to look at the confusion caused to the market place by either complex and misleading digital television messages or the lack of accurate and informative digital messages, particularly from the horizontal digital terrestrial free to view market.

Then to recommend a cross industry strategy for both communications and PR. (See Report. 6)

The first task has been to look at the language used and to work on a series of terms that the industry could adopt in communicating the key messages. (See 9)

3.4.Target Market Group Report

Senior representatives of the CBI led this Group.

It was the intention of the MPG to do a piece of work for this report that looked at the needs of those markets less likely to migrate to digital. Unfortunately the resource was not available to do this and we intend to address the issues in the next phase of the work.

4. The Free to View Group Report.

A Rationale for Promoting Digital Free to View Television

Background:

Despite the relative success of Digital TV across all platforms, the free-to-view message, perhaps understandably, has been consistently misunderstood by the consumer. This is highlighted in the recent Mori report which states that whilst there are still many refusenik's out there, they are so because of their perceptions about digital TV rather than the reality of what it offers and delivers. In the survey, 58% of respondents still believe that they have to pay a subscription to receive free-to-view . Based upon this belief, it is hardly surprising that they say they do not want it.

The survey also clearly states that currently, 57% of digital households are watching the main channels on analogue on their primary TV set . In order to achieve switch over, it is essential that these people are made aware of the benefits of free-to-view and encouraged to make the switch. Without a compelling free-to-view offering together with a co-ordinated marketing campaign, Analogue switch over will never happen.

Consumer Benefits of Free-to-view Digital Television:

Additional Channels offer quality programming and choice.

Better picture and sound quality (in areas of poor analogue signal)
Interactive Services
Programme Information (EPG's)
True widescreen broadcasting

Free to View across platforms:

Free-to-view services are available on digital terrestrial and digital satellite. They are also available on Cable but the consumer must be a subscriber to the basic Cable telephony service, which will include the rental of a set top box.

We strongly believe that we need not only to stress what free-to-view services are available but also how to receive them. In addition, it is our experience that if we are open and up front about installation charges or possible aerial upgrades, the customer is more than happy to accept this. If we try to mislead the customer into believing that they have a plug-and-play solution then we have created a false expectation that we are unable to meet.

The free-to-view content varies across all platforms. We have summarised the current offerings (which are subject to change).

Digital Terrestrial:

Available from Autumn 2002 on the newly licensed DTT service from BBC and Crown Castle:

TV Services:
BBC1, BBC2, BBC Choice, BBC 4, BBC News 24, BBC Parliament, CBBC, Cbeebies, Channel 4, Channel 5, ITN News, ITV1, ITV2, TV Travel Shop, S4C, S4C2, , Sky News, Sky Sports News, CNN, UK History, TCM, Boomerang, Sky Travel, QVC plus tbc: a new general entertainment channel, The Community Channel and a new music channel.

Included in the above, viewers will also receive the local ITV service (e.g.Anglia, Granada, Carlton etc.) and the local BBC television programmes.

Text and Interactive Services:
BBCi Teletext and other text and interactive services (tbc)

Radio Services:

Six BBC Radio services and Commercial Radio services (tbc)

How do I get it?
Using a suitable aerial* DTT can be received through an iDTV or a digital TV adapter or set-top box. (*An aerial upgrade may be required based upon signal strength, suitability of current aerial or geographical location.)

How much does it cost?

Free-to-view digital TV adapters are available from £99, and iDTV sets are available from £399 to £2500

If necessary, a typical aerial installation will cost about £100 to £150 based upon location and consequent complexity of required changes to pick up digital. There is no additional monthly charge.

How much of the population can get it?

With the new service that launches in Autumn 2002, coverage will be improved to up to 80% of the UK population.

Digital Satellite:

135 channels including; *TV Services:*
BBC1, BBC2, BBC Choice, BBC 4, BBC News 24, BBC Parliament, CBBC, Cbeebies, Channel 4, Channel 5, ITV1, TV Travel Shop, S4C digidol, S4C2, Shop!, B4U music, Bid Up TV, Boomerang, Health Channel, CNN, Community Channel, The Dating Channel, Einstein TV, Game Network, Ideal World, Inspiration, ITN News, Liberty TV, Magazine Showcase, Phoenix CNE, Pin 24.Com, QVC, Screenshop, Shop America, Sky News, Turner Classic Movies, Travel Channel, Travel Deals Direct, TV Jobshop, Whereits.at, TV travel shop 2, Al Jazeera, Extreme Sports Channel UK, Euronews, Fashion TV, Go Barking Mad, The God Channel, Revival Channel, TBN Europe.

Text and interactive services:
BBC Text, Teletext holidays, Skyactive, Playjam, QVC, Simply Shopping, Sky News active, Skytext.

Radio Services:
Asian Air, BBC Radio1, BBC Radio 2, BBC Radio 3, BBC Radio 4 FM, BBC Radio 4 LW, BBC Radio 5 Live, BBC Asian Network, BBC Radio Scotland, BBC Radio Ulster, BBC Radio Wales, BBC World Service, Big Blue, Capital Gold, Classic FM, Classic Gold, Club Asia, Core, Cross Rhythm, EWTN, Heart, ITN Radio, LBH Radio, The Mix, Oneword, Panjab Radio, Planet Rock, Premier, Prime Time, Real Radio, RTE Radio 1, Solar Radio, The Storm, Storm Live, Sukh Sagar, Sunrise Radio, talk Gospel, Total Rock, TransWorld Radio, UCB Bible, UCB Europe, UCB Inspirational, UCB Talk, Virgin Radio, WRN Euro Max, XFM, Youthfm.com

How do I get it?
Using a Sky Digibox and Minidish.

How much does it cost?
Sky Digibox and Minidish costs £169
Installation Charge £100

There is no additional monthly charge.

How much of the population can get it?

Satellite covers 98% of the population.

Digital Cable:

Free-to-view channels are available via Cable to any customer paying a monthly subscription for their digital cable telephony services.

It is more difficult to list the cable offering as it is dependent upon your local cable supplier, however, as a minimum you will receive:

TV Services:
BBC1, BBC2, BBC Choice, BBC 4, BBC News 24, BBC Parliament, CBBC, Cbeebies, Channel 4, Channel 5, ITN News, ITV1, ITV2, Bld Up, QVC, TV Travel Shop, TV Travel Shop 2

Interactive and Text Services:
BBC Text, Teletext news, AA,Abbey National,WH Smith,Thomas Cook, Two Way TV, Playjam, Dorling Kindersley

Radio Services:
BBC Radio 1, BBC Radio 2, BBC radio 3, BBC radio 4, BBC Radio 5 Live, BBC radio 5 Live Sports Extra, BBC Radio 6 Music, BBC World Service, BBC Asia Network, BBC radio Ulster, BBC radio Wales, BBC radio, Scotland, Primetime Radio, Purple Radio, Total Rock, UCB Europe, Jazz FM

Additional Services:
Depending on your supplier, a range of additional services is available.

How do I get it?
By taking out a fixed line telephone agreement with your local cable supplier.

How much does it cost?
There is an installation charge but this is again dependent on your local supplier.

Monthly tariff starts from £11.49 per month, which equates to £137.88 per year in addition to your licence fee.

The Dilemma that we face:

Although Digital pay-TV in some sectors has been very successful, this is almost entirely due to good service and good communication within those specific sectors. Across the whole market of free-to-view, there has not been a co-ordinated message and consumers have remained confused. ITV Digital's DVB campaign and the BBC's digital campaign have generated some awareness but consumers, understandably, have failed to connect all the messages together. Furthermore, there has been no detail on how to receive these new services. The majority of consumers perceive that they will have to pay a monthly subscription in order to receive free-to-view digital channels.

The Market players perspective:

Manufacturers and retailers of iDTV's or digital TV adapters rely upon compelling content and services. The boxes themselves offer no consumer value on their own – they are merely a gateway to the content. It is the content that will drive free-to-view. Manufacturers will make what the market demands, and retailers will sell what the consumer demands. For instance, while manufacturers would be happy to sell only iDTVs, consumers are currently unwilling to make this purchase in large numbers.

Looking forward, a co-ordinated approach is needed between manufacturers, retailers and broadcasters when planning mutual promotions. Manufacturing televisions is a complex business and long lead-times are required for product development and then the ordering of components to ensure the product is available in the market at the right time (up to 13 weeks).
This means that information about promotional activities is needed well in advance to allow sufficient product volumes to be available in the shops to meet generated demand.

Recommendations:

Following the ITC award of the new DTT licences to a free-to-view consortium, we need systematic communication of the new free-to-view offering to the target market for this service. Pay and free-to-view services are now much more distinct and the target markets for these two options can be identified. Relevant consumers need to be targeted about the benefits and how-to-get-it messages of free-to-view.

The overall market would benefit from regular messages from a source, which will work in the best interests of the consumer. A Stakeholders Group of representatives of the television sector (MPG), seems to be well placed to provide this function. This group could also provide a source of advice for Government in order to achieve switch over objectives.

5. The Commercial Group Report

The Key Benefits of Digital Pay TV Services

- **Pay TV channels...** a wide range of pay channels, often packaged together to offer great value for money including a wide range of entertainment, learning, music, sports and movies channels to cater for all tastes

- **A la carte channels**...additional pay channels available on an individual basis catering for specific groups of customers e.g. foreign language, film and adult channels

- **PPV channels and services...**Blockbuster films starting at a time to suit you, plus access to exclusive sporting and entertainment events.

- **Interactive TV...**Shop and bank from a wide range of high street names or email friends and family around the world

- **Gaming, Voting and Betting...**Play a wide range of interactive games, participate in top interactive TV shows, and bet on sporting events, all from the comfort of your armchair.

How will this be communicated?

- *Whilst the Pay TV platform operators accept that a proportion of the population are unlikely to opt for subscription in the short term it is important that any future message given out by the Marketing Preparation Group avoids creating a negative impact on the growth of Digital Pay TV. Conservative estimates suggest up to 2M additional homes will convert to pay TV before the end of 2003.*

- *Future promotions and communication strategies should therefore initially focus on the benefits of Digital television before focusing on the breakdown of the extra broadcast TV content and Interactive services.*

- *Strategy to highlight the generic benefits of Digital across all platforms allowing the individual platforms to promote the differences in the level and types of services available.*

Suggested promotional priorities for a generic digital promotion are therefore as follows:

1. Digital Picture Quality

    - Improved picture quality in areas of poor analogue reception or where existing analogue equipment is below par.

    - True Widescreen pictures only available through digital television.

    - Improved sound quality through the use of new technologies such as Dolby Digital.

    - Digital quality pictures from recording playback using the latest PVR technology.

2. Easy to Use
    - Simple to use on screen electronic programme guides (EPG).

    - Compatible with your existing TV set using a Set Top Box or adapter.

    - Available by Digital Cable, Digital Satellite or via your aerial.

    - Easy Upgrade to Pay TV. (Cable and DSAT)

3. More Channels, More Choice

Refer to pages 23 and 24

4. Interactive services

- Games, Home Shopping, Home Banking, Betting and Information service.

- Digital text.

- Email.*

- Enhanced Television including multiple camera angles (e.g. Sky Sports), additional video streams (BBC Wimbledon), Interactive applications (BBC - Walking with Dinosaurs).

- Internet and Internet type services such as WML.*

* These services may require the consumer to have an additional return path which might be different for each platform.

6. The PR & Communications Group Report

MARKET PREPARATION GROUP
PR AND COMMUNICATIONS RECOMMENDATIONS

AIMS

In simple terms, the aims of the Market Preparation Group are to provide greater <u>clarity</u> for the consumer about digital television to motivate them to want it and to counter the current significant confusion in the marketplace over the benefits and options for digital television. The communications must not threaten consumers with the need for action, as the terrestrial signal will be switched off. We must convince the public of the benefits to allow them to make a decision to meet their own needs.

The recommendation is that we communicate a step-by-step process to lead the consumer through the mass of current competing messages. We need a simple proposition that defines “digital television” for the consumer while allowing for clear differentiation of the offerings of the four platforms (satellite, terrestrial, cable and DSL telephone line). The public are innately interested in what digital TV offers - if they understand it - and will respond to clear, unbiased communications on the issue. Any cross-industry communications though will necessarily co-exist in a context of broadcasters’ and platforms’ communications about their individual benefits and distinctiveness.

Most of the press are equally confused over digital TV and equally need clear, simple information to allow them to position proactive stories accurately and in a context that consumers understand. Reactively, there have been a mass of negative stories about digital television from ITV Digital and cable debt issues, to the perceptions in analogue households of ‘digital’ meaning a too many channels and high monthly cost. This may have temporarily damaged the digital TV product category despite the UK having the highest digital take-up worldwide. We need to have these stories rebutted immediately and repeatedly to support positive perception shifts by press and public.

Central to our campaigns must be a small number of agreed messages about digital television, including free-to-view and Pay-TV messages.

The retail trade needs education and training about the benefits of digital television, the propositions from each platform and the equipment available. They need furnishing with general digital TV information about ‘Why consumers benefit from going digital’ as well as information on the options and costs.
A prerequisite of the communications and PR activity is early industry agreement of a discrete set of terminology and language for all communications to allow greater clarity. [A suggested list attached within the report.]

Alongside an industry driven communications plan, Government should review its role in supporting digital at a higher profile than to date. This should be at two levels: clear illustration to the public of the benefits of switchover; as well as simple communication of the benefits of digital television itself.

There are four key elements of the recommended plan. It needs to raise awareness, address confusion, focus on key benefits and new channels and offer information on the options and costs of entry (a key barrier)

Ultimately, the plan needs to explain digital television and what the benefits are.

FOUR STAGE APPROACH

The communications & PR activities in the plan should be created by following a four stage approach to ensure needs are met:

Note: the approach will be heavily influenced by the outcome of the ITC licensing announcement on 4th July 2002.

1. Define target audiences
    - Analogue consumers differentiated into willing / unsure (and for DTT differentiate those in coverage areas and those outside)
    - Digital consumers (second set & VCR messages)
    - Disabled consumers
    - Retailers
    - Manufacturers
    - Press
2. Develop communication strategy and plan to address the needs of the target audiences (see 'Generic Activities' paragraph below).
3. Adopt common language and terminology for our communications.
4. Establish a quarterly 'review and steer' group to manage the communications; and monitor effectiveness, market changes and context.

NB: It is envisaged that Stage 4 requires a permanent executive or secretarial function to make it happen. Required from now until switch over occurs.

GENERIC ACTIVITIES

These are the generic activities, a range of which will be reviewed and phased –in, in line with evolving consumer needs:

- CEO Speeches
- Press releases from a central body - agency commissioned?
    - Trade Body: Intellect is willing to play a central role but how do you cover non-members?
- Retailer training
- Spokesperson for reactive quotes
- In-store consumer literature
- Retail trade press campaigns
- Big leaflet campaigns
- Trade shows/stands
- Poster campaigns with pointers to single website
- DCMS/DTI statements
- Big Event - must feel like a big event to the consumer
- Strap lines for all campaigns

7. Databases of information

The intention of this section is to highlight which databases of digital television information across all the platforms should be recommended for accurate consumer and trade information reference.

This will include the call centres and websites of all the digital broadcasters and the DTG and "free to view. co. uk" websites.

We will update this section of the report in the next phase.

8. Appendices

8.1. those involved

8.1.1. Members of the Market Preparation Group

Chairman: Danny Churchill: Dixons
Secretary: Maureen Collins: DCMS

BBC	Ilse Howling
	Mark Kelleher
BSkyB	Nick Gregory
CBI	Barbara Walker
	Chris Ledgard
	Hugh Alderman
Channel 4	Rufus Radcliffe
CIH	Gary Millar
Consumers' Association	Allan Williams
DTG	Martin Bell
Intellect	Hugh Peltor
	Gerald Harvey
ITV	Alison Victory
ITC	Greg Bensberg
National Consumers Council	Alison Hopkins
Nokia	David Harby
Ntl	Matt Seaman
Pace	Richard Lindsay Davies
Philips	David Johnston
Public Voice	Katrina Webster
	Caroline Diehl
RNIB	Jill Whitehead
SDN	Emyr Byron Hughes
	Phil Williams
Sony	Steve Dowdle
	Adrian Northover-Smith
	Paul Hide

TDN	Mike Hughes
	Juliana Thomson
Telewest	Charles Wilby
Thomson Multimedia	Chris Exelby

Video Networks	**Adam Tow**
Voice of the Listener and Viewer	**Bob Fletcher**

8.1.2. Focus Groups

Free-to-View Television and Text Services

Joint chairs: Sony/Philips

Sony	Adrian Northover-Smith
Philips	David Johnston
Sky	Nick Gregory
Nokia	David Harby
CBI	Chris Ledgard
CA	Allan Williams
NCC	Alison Hopkins
Channel 4	Rufus Radcliffe
Telewest	Charles Wilby
SDN	Emyr Byron Hughes
Intellect	Gerald Harvey
Public Voice	Caroline Diehl/Katrina Webster
RNIB	Jill Whitehead

Commercial Services

Chair: Sky

Sky	Nick Gregory
Nokia	Cigdem Yildez
Telewest	Charles Wilby
VideoNetworks	Adam Tow
Philips	Menno Kleingeld
Ntl	Matt Seaman
Channel 4	Rufus Radcliffe
CBI	Chris Ledgard
SDN	Phil Williams

Target Market and Training

Chair: CBI

CBI	Chris Ledgard
Nokia	David Harby
Sony	Adrian Northover-Smith/ Paul Hide
SDN	Emyr Byron Hughes
Intellect	Gerald Harvey
Public Voice	Caroline Diehl/Katrina Webster
RNIB	Jill Whitehead

PR and Communications

Joint Chairs: BBC/Channel 4

BBC	Ilse Howling
Channel 4	Rufus Radcliffe
Nokia	Adam Loveridge
CA	Allan Williams
Pace	Richard Lindsay Davies
VideoNetworks	Richard Currie
Sky	Julian Eccles
Philips	David Johnston
CBI	Barbara Walker
Sony	Bill Vestey
SDN	Phil Williams
VLV	Bob Fletcher
Intellect	Gerald Harvey

8.2. Marketing Spend "Assessment" from Walker Media.

This paper provides a short rationale and media costs (over 5 years) for the support of an advertising campaign to substantially increase the penetration of digital TV across all platforms, in the UK – ideally enabling the government to bring the analogue 'switch off' date forward to 2010 or earlier.

It is assumed one of the main product propositions to drive the early growth of the free to view sector, will be a terrestrial digital set top box – retailing at c£100 – broadcasting c15 free to air channels at launch.

<u>**Assumptions/Rationale**</u>

In order to build an effective media plan, we have had to make a number of assumptions:

i. The task of persuading non multi-channel homes to convert to digital without the need for a monthly subscription may be easier than the Pay TV providers have found the task of building their subscriber bases. The campaign spend and weight would not therefore need to be of the same magnitude to the spends invested by ITV Digital or Sky (see appendix for spends)-although would still need to be sufficiently heavy to create high interest amongst this group of consumers who have thus far rejected the multichannel option.

ii. Year One launch support will be the heaviest, since the task is to communicate the proposition with impact and clarity, as well as selling set top boxes. Year Two and beyond will build on this launch activity, but spends should decline as the campaign builds momentum, penetration increases and broadcasters feel more confident in moving 'must see' programming to digital.

iii. The media mix will be a combination of;

- Television to provide 'cut through' to consumers and showcase the channels. It is envisaged that the campaign will initially need a 60"/30" mix to effectively sell the proposition, cutting down to a 30" from March 2003. Clearly any increase in spot length beyond 30" in subsequent months will have a significant effect on cost.

- 48 and 96 sheet posters to provide ubiquity at launch and subsequently extend the TV message across a longer period (build frequency)

- National Press (b/w pages tabloids, 34X6 broadsheets) to communicate the full range of channels and the proposition in more depth

iv. Key timings will be the Autumn (initially for the launch), pre Christmas (for likely gifting) and Easter, whilst awareness should also be sustained at sufficiently high levels throughout the year.

v. As a generic campaign, all activity is National, including Northern Ireland.

vi. There will be (considerable) separate support from manufacturers/retailers for hardware and broadcasters for the channels.

vii. Costs are media only at gross (including 15% agency commission) excluding VAT. They are based on 2002 planning costs and assume 5% media inflation per annum.

8.2.1. Summary costs for a proposed 5-year campaign.

	£m
September 2002 – December 2002	£12.30m
January 2003 – December 2003	£19.79m
January 2004 – December 2004	£18.00m
January 2005 – December 2005	£17.94m
January 2006 – December 2006	£17.93m

Obviously these budgets would be refined once the success (or otherwise) of the campaign can be evaluated.

Compare this to….

8.2.2. First Year Digital Launch Advertising Expenditures

September 1998 - August 1999

		TV	Press	Radio	Outdoor	Cinema
	£m	%	%	%	%	%
OnDigital	24.6	73	20	0.5	6.5	-
Sky (inc Digital)	45.4	44.1	36.7	3.4	14.3	1.2

Source: MMS

Notes:

1. The total for Sky is predominantly Digital, but includes some programming and analogue support which is not specifically digital. It is not possible to solely identify digital support

2. No data is available for the NTL/Telewest digital launches.

8.2.3. Multi-channel Platform Advertising Expenditures

	1998	1999	2000	2001	2002 - First Qtr
	£m	£m	£m	£m	£m
B Sky B	44.8	32.6	47.8	30.6	5.7
ITV Digital	5.7	32.4	29.3	20.9	3.2
NTL	11.8	15.7	21.8	19.7	0.4
Telewest	5.3	4.6	5.7	5.8	3.6

Source: MMS

9. Language and Terms. (DRAFT)

Digital Television: Glossary of Communications Terms

THE FOLLOWING TERMS ARE A THE GROUPS FIRST ATTEMPT TO DESCRIBE THE KEY AREAS AND IDEAS IN DIGITAL BROADCASTING FOR USE BY THE INDUSTRY TO COMMUNICATE TO CONSUMERS WITH SIMPLICITY CLARITY.

Analogue
‘Normal’ TV and radio - i.e. BBC1, BBC2, ITV1, Channel 4 (and Channel 5) in TV; and radio broadcast on FM and AM.

Broadband (Terminology as recommended by the Broadband Stakeholders Group)
Always on telecommunications access, at work, at home or on the move provided by a range of fixed line, wireless and satellite technologies to progressively higher bandwidths capable of supporting new and innovative content, applications and services and the delivery of enhanced public services.

Digital TV
Television services, delivered by a digital network, offering greater channel choice improved quality and interactive services. The benefits of digital TV are: more programmes, ease of use, Widescreen pictures, high quality pictures and interactivity.

Digital TV can be received in four ways: through your existing aerial, through a satellite dish, through cable TV and through a “DSL Telephone line”. To receive digital TV viewers will either need to have a digital adapter or an integrated digital TV set.

Digital Adapter
A box that allows your existing TV set to pick up digital television. Also known as set-top box or (for satellite TV) a Digibox.

Free-to-view digital TV
Digital television services that are provided to the television license payer without any additional charge are described as “Free to View” services.
A consumer can purchase or rent the reception equipment required to receive terrestrial and satellite free to view services. Or they can subscribe to a fixed line cable or ADSL network that will provide the reception equipment and free to view television services in addition to any other services the consumer may wish to pay for. Current free-to-view channels include the BBC digital channels, ITV1, Channel 4 and Channel 5.

Integrated Digital Television (iDTV)
Television sets that can receive digital television without the need for digital adapter or set top box. They all have the DVB logo on the casing. Televisions described as digital but without the DVB logo on, cannot receive digital TV.

Interactive TV
Extra services that come with some digital TV channels which allow you to get additional video streams and camera angles; get more information about programmes, including news, weather and listings; play games, vote, bet, shop and bank from a wide range of high street names; or email friends and family around the world; all via your TV set. Pressing the red button, the “text” or “interactive” keys on the remote control accesses interactive services.

Internet Access
This is a service provided by some of the digital television networks that allows the consumer to use the television set to access and interact with the World Wide Web as well as send and receive e-mails. The services vary in terms of the speed and quality offered and the consumer should check out the different services and choose the one they feel is right for them.

Subscription channels
Digital TV channels that are only available by paying a normally monthly fee.

Pay-per-view channels
Digital TV channels that are available by paying a fee to watch a specific programme such as a sporting event or a blockbuster film. This fee is on top of the normal subscription payments and allows you to tailor what you watch, personalise it to your tastes and watch what you want at a time convenient to you.

A la Carte channels
Additional subscription channels that are available on an individual basis to cater for different groups of viewers who have specific tastes, e.g. foreign language programmes or films.

Widescreen
Pictures broadcast in the same shape as in the cinema so that they look better for the viewer. You only get these with digital television.