

Digital Terrestrial Television in the UK

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The TV market in the UK today

Terrestrial

Satellite

Cable

Digital



30 channels



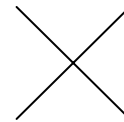
300+ channels



100+ channels

Analogue

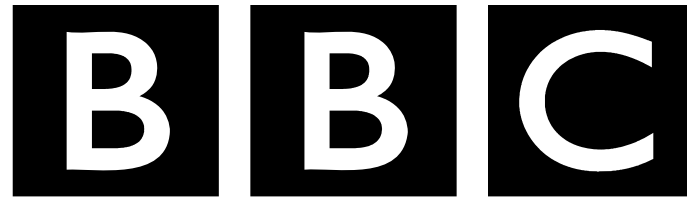
5 channels



About
50 channels

Digital Terrestrial Television in the UK

- **Why does DTT matter?**
- **The launch of Freeview**
- **The Freeview offer**
- **The future for Freeview**



Why does DTT matter?

2002... the digital haves and have nots

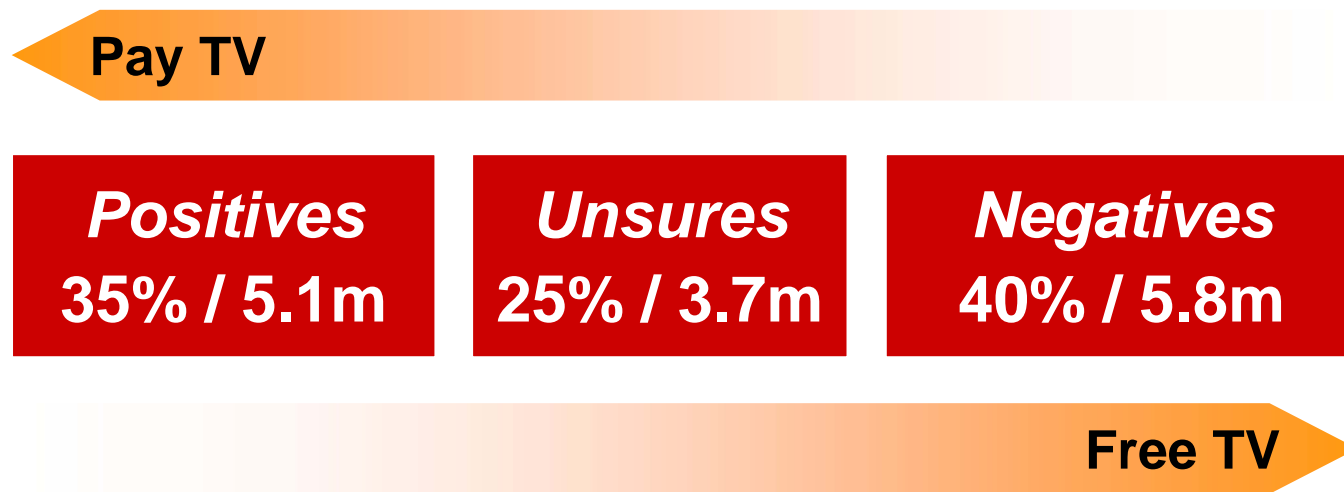
- Around 38% of UK homes already had digital TV

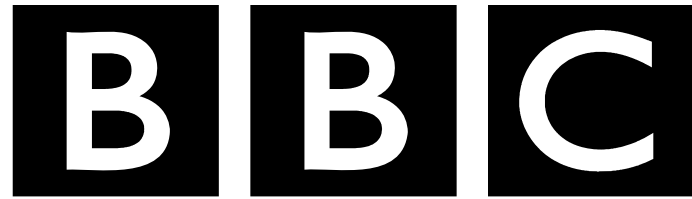
Satellite (Sky)	6m
Digital Cable	2m (plus 1m analogue cable)
DTT (ITV Digital)	1m
Total Digital	9m

- That left **15 million UK homes** who did not have digital television services

2002... the analogue audience

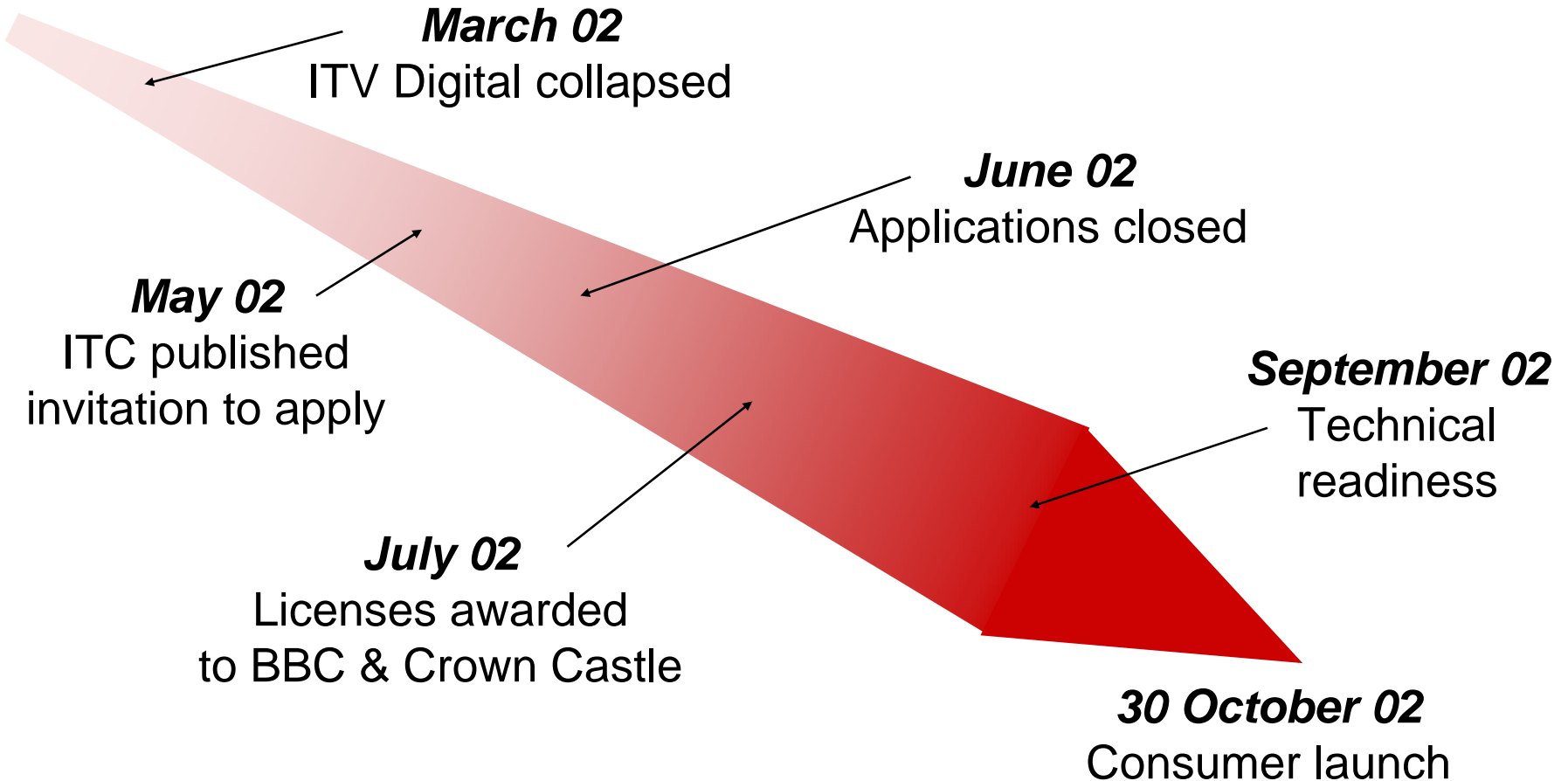
- 15 million homes yet to go digital
- Split into future Pay TV customers, and future Free TV customers





The launch of Freeview

Conceived and born in 6 months



The failure of ITV Digital

- ITV Digital handed back their licences for 3 DTT multiplexes in March 2002
- ITV Digital failed for a number of reasons:
 - Direct competition with Sky Digital and cable for same customers, but without premium content, range of channels or interactivity.
 - Weak technology – dissatisfied consumers and high levels of churn
 - Over payment for sports rights led to cash problems

The BBC-Crown Castle bid to the ITC

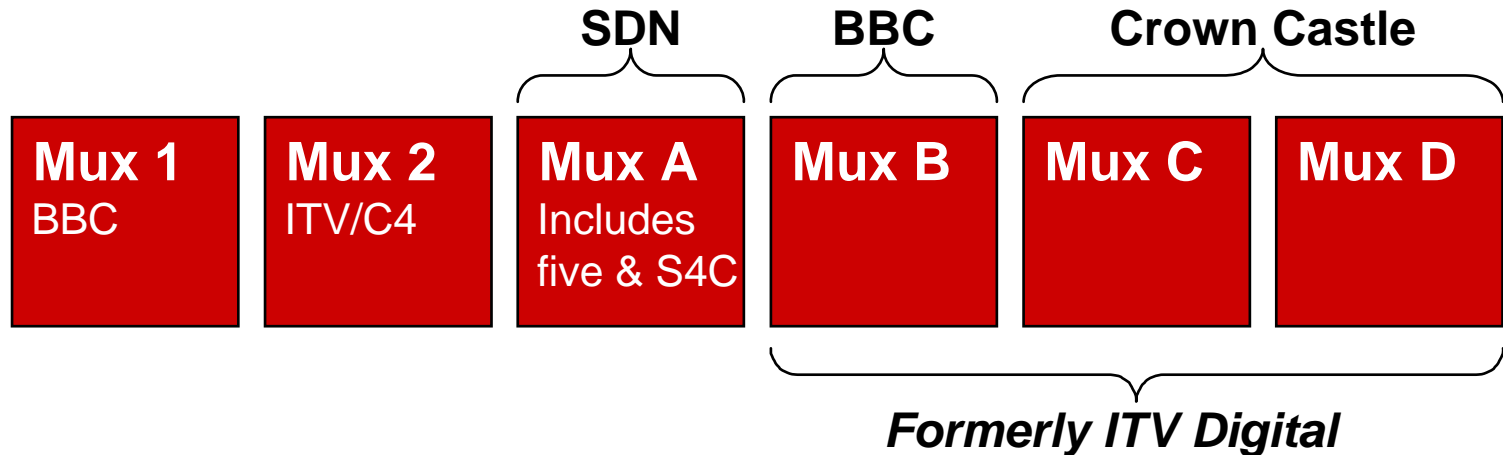
- The basis of the BBC and Crown Castle bids to the Independent Television Commission (ITC) was three-fold:
 1. The technical failings of the platform would be resolved
 2. The proposition would be free – pay cannot work on DTT
 3. The consortium would actively promote DTT to consumers and drive digital take-up (with Sky)

Why is the BBC involved with Freeview?

- Greater access to all the BBC's TV services for Licence Fee payers. . .
- . . . with no need to pay an additional subscription
- There were 15 million non-digital UK homes - many of whom weren't attracted to digital TV
- Protect investment BBC has made in DTT infrastructure

DTT in the UK

- Digital Terrestrial Television (DTT) is digital TV through your standard TV aerial with an adapter
- There are six multiplexes:

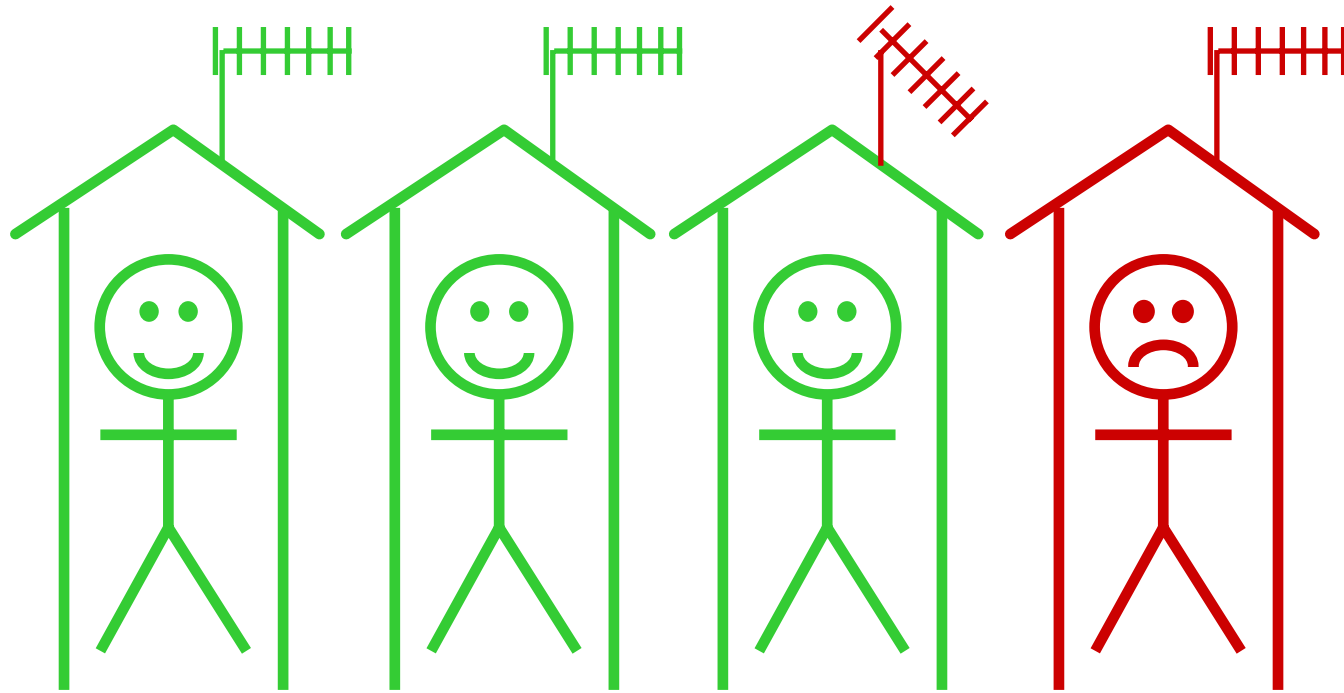


Solving DTT's technical problems

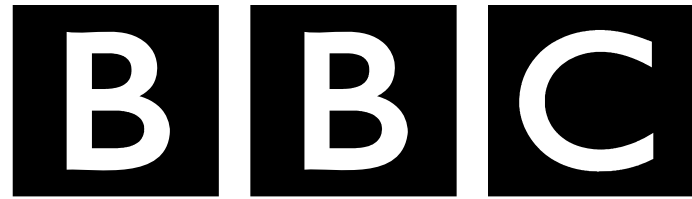
- Two things have been done to improve reception
 - Power increases
 - Mode change
- Channel order / EPG improved
- Improvements have led to:
 - 9% increase in UK coverage (from 66% to 75%)
 - Significantly more robust reception

Freeview coverage

Needs a
new aerial



Can get a signal



Freeview – The Offer

What is Freeview?

- Line-up of over 30 channels
- One-off purchase of TV adapter (or iDTV)
- Compatible with existing TVs
- Simple to install

The new simple way of getting 30 channels through your existing TV for a one-off payment - no contract

uktv HISTORY

itv 1

oneworld

Community Channel

ideal WORLD

BBC 6 music

BBC RADIO FIVE LIVE

BBC THREE

BBC i

GET IT ON JAZZ FM

BBC 7

BBC RADIO 4 92-95FM & 198LW

BBC PARLIAMENT

4

itv News

bid-up tv

CBeebies BBC

smash! hits radio

S4C-2

continuous cool country 3C

tele g

TMF THE MUSIC FACTORY

talkSPORT 1089/1053am

BBC RADIO 1

the hits

itv 3

BBC ONE

BBC FIVE LIVE SPORTS EXTRA

SKY news

KERRANG! LIFE IS LOUD

BBC NEWS 24

BBC WORLD SERVICE

BBC

abc 1

uktv BRIGHT IDEAS

1Xtra BBC

BBC RADIO 2

SKY SPORTS NEWS

Premier CHRISTIAN RADIO

price-drop.tv

BBC FOUR

KISS

BBC RADIO 3

S4C

BBC TWO

Ftn FULL ON ENTERTAINMENT

SKY travel

QVC

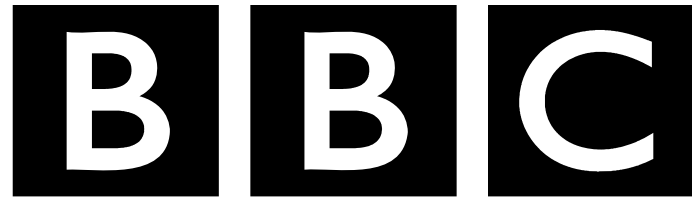
five

itv 2

TELETEXT

Positioning Freeview





Freeview – Moving Forward

Freeview performance

- Freeview is in 6.5 million homes with total sales of 10.5 million- about 70% of sales are for 1st sets.
- Digital penetration in the UK has now reached 70%
- Average Price paid for a Freeview box is around €60.
- New TV adapter models being developed – with twin tuners, DVD player and hard drive storage

Free-viewers

- “Free-viewers” are the digital rejectors - new digital viewers, not churners
- Older and more up-market viewers than other platforms.
- Viewing habits similar to terrestrial – “more, normal, television”

Reasons for Freeview's Success

- Created a new market category
- Simple consumer focused proposition – “bigger, better normal TV”
- Broke the concept that digital TV = Pay TV
- Effective consumer and retail marketing
- Product diversity – STBs and IDTVs

DTT is the 2nd largest digital TV platform

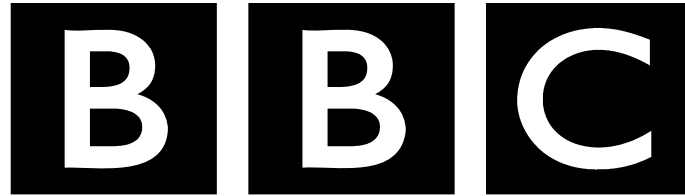
	October 02	Dec 2005
Satellite	6.3m	8.3m
Cable	2.0m	2.7m
DTT	1.0m	6.5m
Total Digital	9.3m	17.5m
<i>Digital Homes</i>	38%	70%

Planning for digital switch-over

- UK plans to switch off the analogue signal in 2012.
- Most of the 1,100 transmitter sites will be converted to digital to “substantially replicate” analogue coverage
- Switchover will be a rolling, region-by-region process. Within each region analogue channels will probably be withdrawn over a period of months
- A PSB-led company “SwitchCo” has been established to manage the switchover process

BBC's role in switchover

- The BBC is not responsible for switchover...
bit it is critical for its success
- Four key roles:
 - Spectrum planning, technical advice and expertise
 - Procuring transmission contracts ready for switchover
 - Founding and lead partner in SwitchCo
 - Funding digital marketing and communications
- White Paper – BBC to take a lead role in the switchover to digital.



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