



**Preparing for a Fully Converged Audiovisual World:
Growth, Creation and Values**

Response from Digital UK

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1. Introduction

About Digital Terrestrial Television (DTT)

Digital Terrestrial Television (DTT) is the UK's most popular TV platform. At its heart is Freeview – a universally available service offering a range of more than a hundred free-to-air TV, radio and text-based services. It is watched in more than 19 million homes, three-quarters of the total. Freeview is the sole television platform in more than 10 million homes (40%)^[1].

Prior to digital switchover (DSO), more than four million UK households could not access Freeview and elsewhere signal strength was variable. Thanks to industry investment in excess of a billion pounds, switchover made Freeview available to 98.5% of homes.

Viewers are overwhelmingly satisfied with the Freeview service^[2], and post-switchover research demonstrated viewers enjoyed the selection of channels, picture quality and functionality.^[3]

About Digital UK

Digital UK supports the UK's terrestrial TV service and its viewers.

The company is responsible for day-to-day operational management, including the Freeview electronic programme guide, and leads on developing platform strategy, working with its broadcast partners and industry. It also provides viewers with information and advice about terrestrial TV channels, services and reception.

Digital UK is owned by the BBC, ITV, Channel 4 and Arqiva

^[1] Source: Ofcom Digital TV Update, Q4 2012

^[2] 84% of Freeview viewers surveyed between April 2012 and March 2013 reported that they were satisfied with the Freeview service. Source: Hall & Partners Freeview brand tracker; sample 5,200 homes.

^[3] See the Blinc / Digital UK research report 'Viewer Experiences of Switchover', available on the Digital UK Switchover Insights website.

Executive summary

The converging audiovisual world brings many benefits for consumers in the form of convenience and flexibility, and new opportunities for media producers in terms of delivering content on fixed and mobile devices. It also raises new questions about how policy makers and regulators foster innovation and competition while protecting the interests of viewers.

Nowhere is this more apparent than in the area of broadcasting infrastructure and spectrum in which new and existing users compete for access to a finite and scarce resource. For Digital UK in our role supporting DTT and its viewers, these questions are central to the future of the platform and therefore the focus of our response to the Green Paper.

We respond to the specific questions on spectrum overleaf. We set out the unique economic and social benefits that a strong, universally available DTT platform brings, fostering a competitive TV market in which high-quality home-grown content is delivered efficiently to viewers. We also stress the need for caution in pursuing spectrum decisions which risk destabilising markets which are serving viewers' interests and will continue to do so.

The broader benefits and strengths of DTT should be central to decisions on spectrum. They include:

- **Meeting viewer demand for free-to-air television** - Viewer demand for an alternative to subscription television has helped make DTT the most widely watched television platform in the EU.
- **Driving competition and creative investment** – DTT's combination of high quality content offered on a platform built on open standards and a horizontal market has encouraged competition and innovation.
- **Supporting public service broadcasting** - DTT maintains the prominence of public service and home-grown content in an increasingly globalised industry. It remains the most effective and efficient means of ensuring public service television is easily and universally available, free at the point of use.
- **Evolving to meet viewer expectations** – DTT has embraced opportunities to bring HD and digital recording to a mass market, free from the need for a subscription. With the advent of connected technologies and smart TVs, new players are developing DTT-based services which provide additional choice through catch-up and on-demand services.

These enduring features of DTT highlight what is at stake when considering broadcast infrastructure and spectrum allocation. Policy decisions which weaken DTT risk undermining an economic and social asset on which millions of people depend.

ANSWERS TO QUESTIONS

Q7. Infrastructure and spectrum: *How relevant are differences between individual platforms delivering content (e.g terrestrial and satellite broadcasting, wired broadband including cable, mobile broadband) in terms of consumer experience and of public interest obligations?*

The strength of DTT derives directly from demand from viewers. The latest E-Communications Household Survey by the European Union shows it is by far the most popular way of watching television in Europe¹, used in 40% of homes.

In the UK, DTT is also the most widely used platform, used in three-quarters of homes. It is the leading platform on first and second sets and the sole television platform in 11 million homes.

DTT's scale enables it to play a vital role in delivering choice, particularly as an alternative to subscription TV services via cable and satellite. Following the completion of digital switchover in 2012, the boosting of DTT coverage to 98.5% of UK households ensured that virtually all homes could receive the full range of public service channels free at the point of use via an aerial. As Ofcom notes in its UHF Strategy Statement: 'The DTT platform performs very important roles in providing low cost universal access to the public service TV channels in sustaining viewer choice.'²

The Freeview service which sits at the heart of the DTT platform has brought with it a huge expansion of choice through new services and content available for free to virtually all of the UK through open standards and a horizontal market. Public demand for Freeview has driven platform competition which in turn has delivered widespread benefits, including investment in high quality content.

As a horizontal platform, DTT delivers significant benefits across the consumer equipment value chain, including to manufacturers and retailers - with around 10m integrated digital (DTT) television sets and set top boxes acquired in 2012 alone, and with a total of around 22m DTT set-top boxes and 37m integrated sets installed in UK homes by the end of 2012³.

In a highly competitive market, the DTT platform offers consumers simplicity, value for money and choice. It offers TV equipment at a variety of price points, freedom from contractual relationships and multi-room and wireless flexibility at no extra cost. In partnership with the consumer electronics industry, the platform has evolved to offer new functionality in line with consumer needs - recording, HD, catch-up and on-demand.

And the platform will continue to develop as advances in technology are introduced and consumer behaviour evolves. Already smart TVs and YouView combine the best of live TV via DTT with access to catch-up and on-demand services via broadband. While these advances are to be welcomed, Ofcom has made clear that alternative platforms, including IPTV, are unlikely to provide a suitable alternative to DTT in the foreseeable future.⁴

¹ E-Communications Household Survey, August 2013

² Ofcom UHF Strategy Statement, November 2012

³ Source: 3 Reasons LLP Spring 2013 Market Model.

⁴ Ofcom UHF Strategy Statement, November 2012

Q8. *What frequency allocation and sharing models can facilitate development opportunities for broadcasting, mobile broadband and other applications (such as programme-making equipment) carried in the same frequency bands?*

We support efficient use of spectrum, including sharing where there are clear benefits to consumers. It is important, however, that policy proposals for spectrum allocation and sharing do not compromise the strengths of DTT or its appeal to viewers.

While DTT in the UK already successfully shares spectrum through the use of multi-frequency networks which allow for delivery of PMSE and other services, further developments in this area may carry significant risks and costs.

Proposals around future allocations and sharing must continue to ensure that broadcasters' ability to deliver regional and local content, language services and universal coverage via DTT is not compromised. The risk of interference which comes with shared spectrum use must also be avoided. This is particularly true for terrestrial broadcasting and mobile broadband which cannot co-exist in the same frequencies without signals suffering interference to the detriment of consumers.

Similarly, we have yet to see evidence that converged networks, in which new broadcast infrastructure is used by both mobile and broadcast services, are technically viable or would deliver benefits to consumers.

Any such transition would be very costly to implement and be unlikely to match the universal coverage (98.5% of UK households) which the UK's current terrestrial network delivers and which viewers have come to expect.

The more immediate issue for DTT in Europe are the current discussions taking place at the Commission and elsewhere concerning potential allocation of existing DTT spectrum in the 700MHz band to mobile broadband. This is of particular concern as the last major re-organisation of spectrum – required for digital TV switchover – was completed less than 12 months ago at a cost to industry and consumers of more than £1 billion.

We recognise that spectrum is a scarce and finite resource, and that demand for mobile data is likely to increase in the coming years, though note that projections in this area diverge significantly and must therefore be uncertain. However, in light of the distinctive and high value contribution to broadcasting made by DTT, we remain unconvinced that the consumer demand for future mobile broadband justifies the disruption and cost of clearing television from the 700MHz band. We believe the incremental benefits of allocating additional 700MHz spectrum to mobile broadband need to be fully tested, especially in light of other ways of growing mobile capacity, particularly the use of small cells and Wi-Fi offloading. Increased demand for mobile data can also be met by means other than clearing the 700MHz band – for instance, using those higher frequency bands planned for release in the near future (L-band, 2.3 GHz, 3.6 GHz) and more efficient mobile technologies.

As Ofcom noted in its UHF Strategy statement: 'Using additional low frequency spectrum for mobile broadband services may leave the DTT platform with insufficient TV channel capacity to continue to fulfil the roles it performs today. This is a potentially significant risk for UK

citizens and consumers, because other TV delivery platforms including satellite, cable and IPTV are unlikely to provide a suitable alternative to DTT when additional low frequency spectrum is needed for mobile broadband.⁵

In the event of a 700MHz release, our primary concern is that the DTT platform should complete the process as strong, appealing, relevant and competitive as it is today – and retain the scope to develop in key areas such as HD. In practice this means spectrum planning must ensure current DTT coverage is maintained even if this requires a transition to more efficient broadcasting standards such as DVB-T2.

It is also vital that assurances are given for long-term continued use of spectrum in the 470-694MHz band by free-to-air broadcasting services and that they are protected from interference caused by other uses of shared or adjacent spectrum. This includes preserving the guard band above 694MHz⁶, specifically Channel 48 which is necessary for the continued delivery of a full DTT services.

Given the scope for viewer disruption, any 700MHz release programme must take place only after detailed planning and be accompanied by full support and funding for both viewers and industry from member states.

Q9. What specific research needs with regard to spectrum have to be addressed to facilitate such development?

In light of the uncertainty around future demand for mobile data and lack of evidence of the viability of converged networks, the Commission should explore fully the potential cost of such changes, their technical and commercial feasibility and potential impact on consumers, especially in light of DTT's enduring value and appeal to viewers.

We would also urge the Commission to ensure there is extensive engagement with the key DTT stakeholders assessing the case for any such changes.

⁵ Ofcom UHF Strategy Statement, November 2012

⁶ The Electronic Communications Committee (ECC) project group FM49, set up to address spectrum requirements for PPDR in Europe, signalled its support for PPDR access to the 700MHz band at its meeting on 14-15 June in Berlin.