Digital radio in France – a European story

London, 26 June 2014:

WorldDMB welcomes the launch of digital radio in France on 20th June, 2014. This launch creates the opportunity for France to join other European markets in embracing digital radio - to enhance the service offering for listeners (greater choice, improved sound quality, data services) and help secure the long term strategic future of the industry. By making a commitment to digital broadcast, France can sustain the development of radio - both within in its own borders and across the continent.

Headlines:

- Digital radio in Europe has reached critical mass - and continues to grow
  - Countries with DAB / DAB+ services account for 50% of all new car sales in Europe
  - Norway - first country in world to commit to Digital Switch-Over (2017)
  - UK - committed to digital future: receiver sales growing (up 29% in three years)
  - Denmark and Switzerland - progressing well
  - Germany and Netherlands - recent national launches
- Over-reliance on IP is a risky and expensive strategy for broadcasters
- European Broadcasting Union is calling for digital radio across Europe

European overview

The footprint of digital radio is extending across Europe. The standard is firmly established in the UK, Norway, Denmark and Switzerland. Germany launched DAB+ in 2011 with the Netherlands following in 2013. Italy, yet to launch officially, has transmitters covering 70% of the population. Poland went on air in two cities in October 2013. Countries with national DAB / DAB+ now account for 50% of all new car sales in Europe. If Italy is included, this figure rises to 60%.

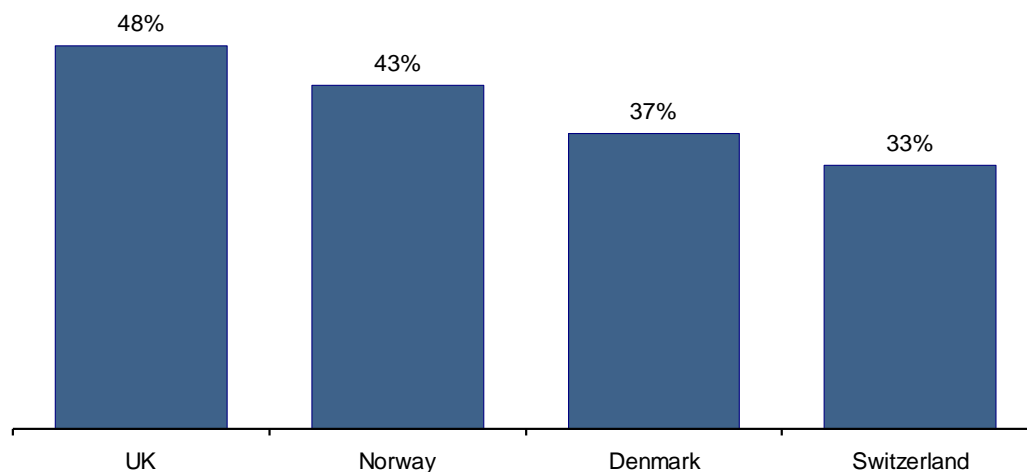*Figure 1: % of European new car sales in countries with national DAB / DAB+*
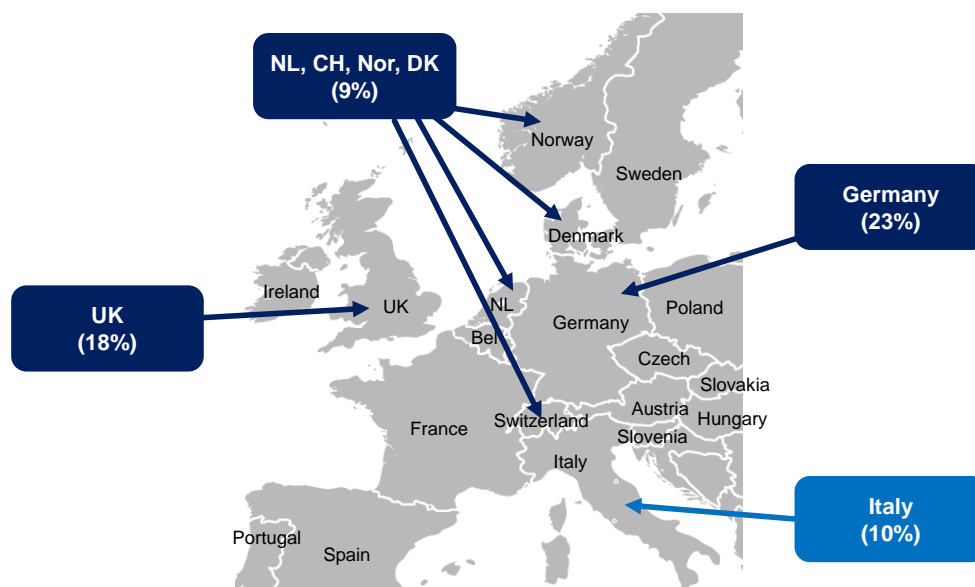
Source: ACEA

Key markets

The four most developed markets in Europe are the UK, Norway, Denmark and Switzerland – with penetration of digital radio sets ranging between 33% and 48% of households.

*Figure 2: DAB / DAB+ household penetration (2013)*

UK

Contrary to some perceptions, the UK market is not stagnating – in the last three years, receiver sales have grown by nearly 30%, from 2.1m in 2010 to 2.7m in 2013. Growth is being driven by the inclusion of digital radio as standard in new cars[1]. In the UK, 55% of new cars now come with digital radio as standard[2].

Figure 3: UK digital radio sales (domestic and automotive), millions
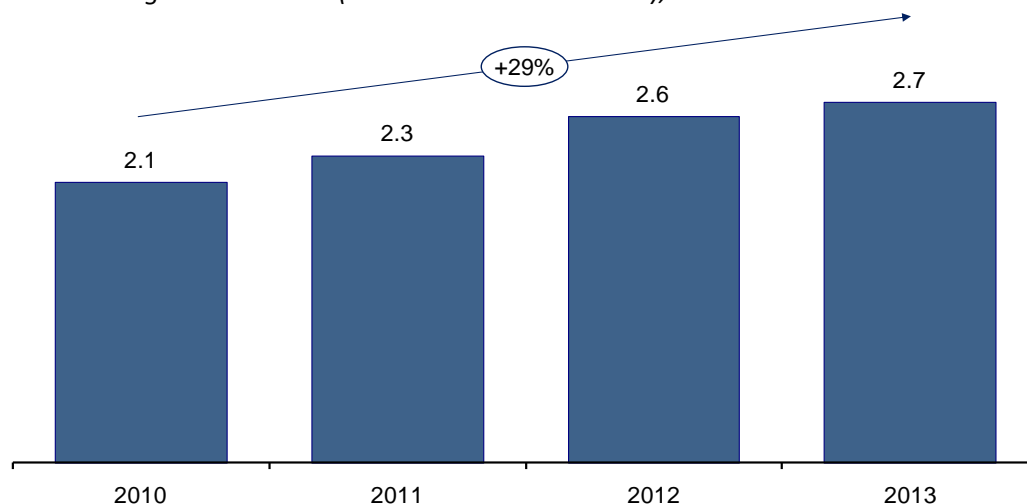
Against this background, Ed Vaizey, Minister for Culture, Communications and Creative Industries, has clearly articulated the Government's vision that the future for radio is digital[3].

Several other stories illustrate the strength of digital radio in the UK:

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[1] The Ofcom report quoted by Le Bureau de la Radio did not include the line-fit automotive sector
[2] Source: SMMT / CAP (April 2014)
[3] https://www.youtube.com/watch?v=mQzyiEEsAto

- the launch of LBC on national DAB: http://www.theguardian.com/media/2014/jan/30/lbc-national-dab-digitaal-radio
- in London, analogue listening has fallen to below 50% of total listening: http://radiotoday.co.uk/2014/05/analogue-listening-in-london-under-50/
- car manufacturers are using DAB as a key promotional feature: http://www.absoluteradio.co.uk/freebies/competitions/peugeot-308/.

Norway

In Norway, the story is more dramatic. Following the 2011 announcement of Digital Switch-Over (target date of 2017, latest date 2019), receiver sales have grown sixfold in three years.

Figure 4: Norway digital radio sales (domestic and automotive), thousands
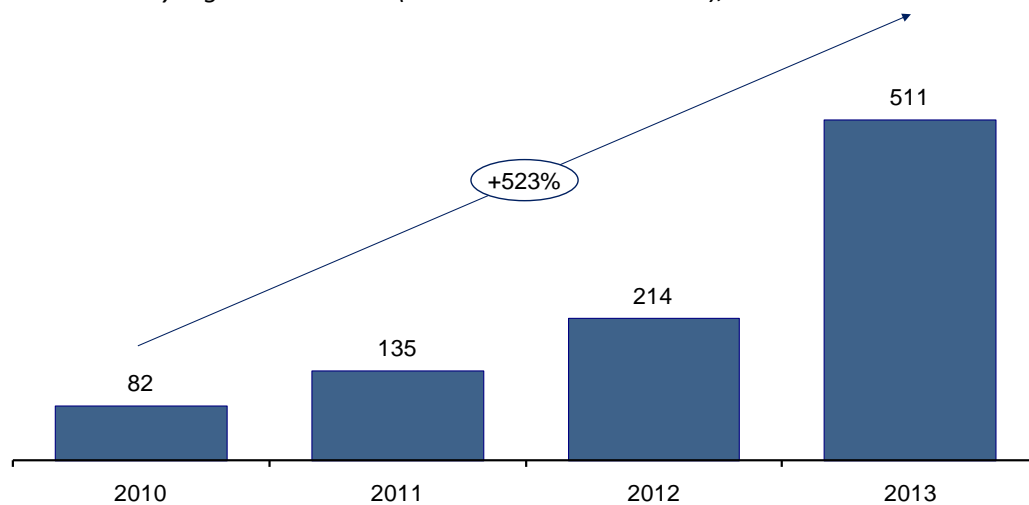
Source: Trade organisation for electronics importers and retailers in Norway

The Norwegian experience demonstrates the impact of a clear vision for the future of radio.

In other markets: Switzerland and Denmark are both well-progressed in the development of plans for digital migration; in Germany, the ARD is mapping out its long term vision for broadcast radio; and in the Netherlands, the ambition is to achieve DSO by 2023. In both these markets, and in Italy, major promotional campaigns are being used to support DAB+:

- Germany: www.youtube.com/watch?v=En7wfdZl9nI&list=PLXwcjntKx9954kbgxost96JBrs3uztJdh

- Netherlands: www.digitalradio.nl/

- Italy: www.youtube.com/watch?v=z3O-xPAkYCk

Role of IP distribution

In all of these markets, broadcasters are committed to a multi-platform future – with DAB / DAB+ and online as complementary platforms. An over-reliance on IP / LTE is seen as high risk and expensive, especially for mobile environments.

Figure 5: Comparison of benefits of DAB+ and IP for serving large audiences (out of home)

Objective	Issue	DAB+	Internet
Critical mass of listeners	Robust	✓	X
	Cost-effective	✓	X
Consumer costs	Free to air or mobile data plans?	✓	X
	Power consumption	✓	X
Strategic control	Gatekeeper	✓	?

Studies outlining the economic and reliability of Internet solutions have been published in Germany[4] and Sweden[5]. These studies highlight that the costs of online distribution to broadcasters (for mass market audiences) and consumers are significantly higher than for broadcast solutions. One statistic from the UK illustrates the challenge: for the BBC, online distribution delivers 2% of TV viewing, but accounts for 12% of distribution costs[6].

In addition, particularly in emergency conditions, mobile communication networks have been shown on numerous occasions not to be robust (networks not working when there are too many simultaneous users – or failing completely in adverse weather conditions). For cost and reliability reasons, the German government (BMVI) is showing strong interest in DAB+ as the delivery platform for traffic and travel information services.

Finally, with IP / 4G, many broadcasters are concerned about the potential role of the gatekeeper who stands between content provider and end-user. For broadcasters, the risk of disintermediation – and the associated loss of control – is a significant threat to their long term market position.

The European Broadcasting Union

The European Broadcast Union, of which Radio France is a member, is actively promoting the adoption of digital radio across Europe. Its core recommendation is that digital broadcast should be the core distribution platform for radio – for domestic receivers, in-car listening and smartphones.

The EBU is calling for a harmonised approach – to build on existing momentum and help exploit economies of scale at a pan-European level. France has a key role to play in supporting radio's position as a medium for the 21st century. To maximise the potential of this opportunity, key markets need to move together.

ENDS

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[4] http://www.worlddab.org/public_document/file/469/broadcast_or_broadband_-_cost_compraison_of_DAB__and_LTE_(2).pdf?1402585561
[5] http://www.worlddab.org/public_document/file/437/Teracom_WhitePaper_ENG_(2).pdf?1391612312
[6] http://downloads.bbc.co.uk/bbctrust/assets/files/pdf/review_report_research/vfm/distribution.pdf par 3.67

About WorldDMB

WorldDMB is the global industry forum for digital radio promoting DAB / DAB+ - the digital radio broadcasting standards of choice in Europe and Asia Pacific. Its global membership includes public and commercial broadcasters, policy makers and regulators, network providers, receiver manufacturers, chip manufacturers, and car manufacturers. Members collaborate to deliver advice and tailored solutions on all aspects of the switch from analogue to digital radio including regulation, licensing, technology trials, network build out, marketing and production of new digital radio content.

Broadcast radio professionals have access to this body of expertise which is delivered through leading-edge industry events, car manufacturers' workshops, tailored workshops and seminars and the WorldDMB website which includes a members-only information portal with reports, databases and an extensive online ETI library.

For more information about WorldDMB contact projectoffice@worlddab.org

www.worlddab.org